

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, May 17, 2022
Chair: R. Dobbins
Location: [Virtual MSTEams Meeting](#)

Time: 2:00 – 4:00 p.m. EDT
Dial-in: 437-703-4263
Phone Conference ID: 965 295 258#

1. Call to Order, Welcome, and Priority Matters	2:00 p.m.	Presenter	Action	Document
a. Call to Order		R. Dobbins		
b. Welcome to New EOC Member: Iman Muntazir, Canada Life		R. Dobbins		
c. Need for Successor CAFII Treasurer		R. Dobbins	Update	✓ (2)

2. Consent Items	2:05 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✓
b. Regulatory Update				✓
c. April 29/22 CAFII Response Submission to FSRA Consultation on “Principles-Based Regulation”				✓ (2)
d. May 3/22 CAFII Response Submission to FSRA Consultation on “Principles of Conduct for Insurance Intermediaries”				✓
e. Regulator and Policy-Maker Visit Plan Recap				✓
f. Summary of Board and EOC Action Items				✓
g. Board-Approved Schedule of CAFII 2022 Meetings and Events				✓

3. Financial Management Matters	2:07 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at April 30/22		T. Pergola	Update	✓
b. Forecast For CAFII 2022 Fiscal Year as at April 30/22		T. Pergola	Update	✓
c. CAFII Member 2022 First Instalment Dues Payments; and CAFII Associate 2022 Dues Payments as at May 13/22		B. Wycks	Update	

4. Committee Updates	2:17 p.m.	Presenter	Action	Document
a. Market Conduct & Licensing	2:17 p.m.	B. Kuiper	Update	✓
i. FCNB Informal Sounding Board Consultation on <i>Imminent Amendments to Life and Health Sections of New Brunswick Insurance Act</i> (Including CAFII Compliance with FCNB’s Confidential/Embargoed Terms of Release) (Submission Deadline: May 20/22)		B. Wycks	Update	✓
ii. FSRA Consultation on “Guidance on Use of Retained Revenues under Regulation ‘Money Retained Outside the Consolidated Revenue Fund’” (Submission Deadline: May 31/22)		K. Martin/B. Wycks	Update	✓
b. Media Advocacy	2:25 p.m.	J. Marcus		
i. Proposed Guideline on Members’ Utilization of CAFII Videos On Their Own Corporate Websites		J. Marcus/K. Martin	Update/ Approval	✓
c. Research & Education	2:35 p.m.	A. Stuska		
i. Implementation of Board-Approved Next Steps Re Public Release of Results of Deloitte Canada Thought Leadership Paper on Digitization of CPI: (a) Webinars for Insurance Regulators and Policy-Makers; and Allied Industry Association and CAFII Associate Representatives; (b) Posting of Executive Summary of Research Results on CAFII Website; and (c) Media Release Based on Executive Summary of Research Results		K. Martin	Update	✓ (2)
d. Networking & Events	2:44 p.m.	C. Manno	Update	
i. Insights Gained from May 3/22 CAFII Webinar On “Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or ‘Dynamic Tension’ For Canada’s Insurance Regulators?”		K. Martin	Update	✓
ii. Results of Survey of CAFII Board, EOC, and Other Committee Members For Input On Topics and Presenters/Panelists for Future CAFII Webinars and In-Person Events		C. Manno/K. Martin/B. Wycks	Update/ Discussion	✓
iii. Plans For Fall 2022 CAFII Webinar with Lesli Martin, Vice-President, Pollara Strategic Insights, as Fireside Chat Discussant on “Consumer Preferences and Product Development Insights Emerging From Recent Research In Financial Services and Relevant Comparator Industries”		K. Martin	Update	
e. Travel Insurance Experts	2:57 p.m.	K. Umtoniwase	Update	
i. Issues Discussed in and Insights Gained from Recent Meetings of Travel Insurance Experts Committee		K. Umtoniwase	Update	

ii. Insights Gained From CAFII/CLHIA/THIA Bi-Weekly Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry	B. Wycks	Update	
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5. Recent and Upcoming Strategic and Regulatory Initiatives	3:03 p.m.	Presenter	Action	Document
a. Recent Implementation Steps Taken Following Re-Launch of CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits, To Strengthen Industry Consensus/Unity Position That Fact Sheet and Notice of Rescission Do Not Need To Be Distributed To Card Holders With Embedded Insurance Benefits At This Time		K. Martin/B. Wycks	Update/ Discussion	✓ (3)
b. Insights Gained From April 29/22 CAFII Dialogue Meeting with CLHIA Staff Executives Sarah Hobbs and Devika Prashad on In-Development CLHIA Response Submission to OSFI Consultation on "Culture Risk Management" (Submission Deadline: May 31/22)		K. Martin	Update	
c. Insights Gained from May 3/22 Virtual Meeting with FSRA Staff Executives Swati Agrawal and Nathan Tam Re Issues of Relevance to FSRA Board's Stakeholder Advisory Committee for the Life and Health Insurance Sector		K. Martin	Update	✓

6. Governance Matters	3:19 p.m.	Presenter	Action	Document
a. Draft Minutes of April 26/22 EOC Meeting		B. Wycks	Approval	✓
b. Plans for 2022 Annual Meeting of Members and Immediately Ensuing First Meeting of 2022-23 CAFII Board of Directors on Tuesday, June 7/22, as Hybrid In-Person/Virtual MSTeams Meetings		B. Wycks/K. Martin	Update	✓
c. Plans for Return to In-Person EOC Meetings on September 20/22, Including Possible EOC Annual Appreciation Dinner That Evening At Downtown Toronto Restaurant		B. Wycks/K. Martin	Update/ Discussion	
d. Progress In Identifying A Fall 2022 Date For CAFII 25 th Anniversary Celebration, When Insurance Regulators and Policy-Makers Will Be In Toronto		B. Wycks/K. Martin	Update	

7. Read Only Items	3:32 p.m.	Presenter	Action	Document
a. Summary of Insights/Intelligence Gathered From 2022 CLHIA Compliance and Consumer Complaints Virtual Conference, May 4-5/22				✓
b. FSRA's "New Whistle-blower Program to Help Identify Misconduct in the Non-Securities Financial Services and Pensions Sectors"				✓
c. Article by Chris Donnelly, Manulife, on Canadian Life Insurance Regulation and Fair Treatment of Customers in "Canadian Insurance Regulation Reporter," Edited by Stuart Carruthers, Stikeman Elliott				✓
d. AMF 2022-23 Annual Statement of Priorities, Released May 2/22				✓ (2)

8. In Camera Session	3:35 p.m.	Presenter	Action	Document

9. Tracking Issues		Presenter	Action	Document
a. AMF Consultation on Declaration of Operational Incidents				
b. BCFSa Consultation on "Code of Conduct For BC-Authorized Insurers" (pending proclamation into force of section 94.3 of BC Financial Institutions Act)				
c. BC Ministry of Finance Drafting of Regulations to Implement Financial Institutions Amendment Act, 2019				
d. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review				

Next Board Meeting: Tuesday, June 7/22, 2:20 to 4:00 p.m., Hybrid Meeting (Both In-Person and Virtual via MSTeams);
Immediately Preceded by CAFII 2022 Annual Meeting of Members, 2:00 to 2:20 p.m.

Next EOC Meeting: Tuesday, June 28/22, 2:00 to 3:30 p.m. Meeting (Virtual MSTeams Meeting)

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 1(a)
Call to Order, Welcome, and Priority Matters: Call to Order

Purpose of this Agenda Item – Update

Start of meeting.

Background Information

The meeting is called to order.

Recommendation / Direction Sought -- Update

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 1(b)

Call to Order, Welcome, and Priority Matters — Welcome to New EOC Member: Iman Muntazir, Canada Life

Purpose of this Agenda Item—*Update*

This is a welcome and self-introduction by Ms. Muntazir item only.

Background Information

Recommendation / Direction Sought – *Endorsement*

None.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 1(c)

Welcome, Call to Order, and Priority Matters— Need for Successor CAFII Treasurer

Purpose of this Agenda Item – *Update*

To update the EOC on the need for a new CAFII treasurer.

Background Information

After several years of exemplary service, CAFII Treasurer Tony Pergola will step down at the time of the CAFII 2022 Annual Meeting of Members on 7 June, 2022. This is an update on efforts to secure a successor CAFII Treasurer.

Recommendation / Direction Sought – *Update*

This is an update item.

Attachments Included with this Agenda Item

2 attachments.

Agenda Item 1(c)(1)
May 17/22 EOC Meeting

From: Jake Becker <jake.becker@cafii.com>
Sent: April-29-22 1:44 PM
To: CAFII Board Members
Cc: **CAFII EOC Members;** Brendan Wycks; Keith Martin <Keith.Martin@cafii.com>
Subject: CAFII Treasurer Position

CAFII Board Members (c.c. Executive Operations Committee Members):

As discussed at the April 12/22 Board meeting, Tony Pergola will be transitioning out of the CAFII Treasurer role in June of this year. As Treasurer, Tony has provided excellent financial management leadership of our Association throughout his five-year tenure, and we can't thank him enough for his contributions to CAFII's advancement during that time.

Therefore, with that critically important volunteer leadership role requiring a successor in the very near future, we are reaching out with this reminder to Board members of the need for one or more nominees for the Treasurer position to be identified, for appointment into that role at the Board's next meeting: the first meeting of the 2022-23 Board of Directors on the afternoon of Tuesday, June 7/22.

For an overview of the skill set and attributes desired in a CAFII Treasurer, and an indication of the time commitment required for the role, please find attached the *CAFII Treasurer Profile* document. Please share this document with any suitably qualified candidates within your Member company and encourage them to consider stepping forward with an expression of interest in the CAFII Treasurer role.

We are also re-circulating the directly related document titled "Reverse Chronology of CAFII Volunteer Leadership Positions" for Member companies' information and consideration.

Should you have any other questions about the Treasurer role, please reach out to Brendan Wycks or Keith Martin for additional details.

We would like to have a candidate(s) identified for the CAFII Treasurer position by no later than **Friday, May 13, 2022**, in order to allow sufficient time for the Association's due diligence and good governance processes to be completed prior to June 7.

Thank you,
Jake Becker
Association Coordinator
Canadian Association of Financial Institutions in Insurance
411 Richmond St. E, Suite 200
Toronto, ON M5A 3S5
E: jake.becker@cafii.com
T: 416-494-9224 x 1
www.cafii.com

Candidate Profile: CAFII Treasurer

The following are the desired skills, attributes, experience, and related qualifications sought in candidates for the position of CAFII Treasurer:

- strong numeracy and financial literacy skills
- familiarity with accounting. Able to read, understand, and interpret financial statements
- strong monitoring orientation and attention-to-detail
- good presentation skills, especially for reporting to the EOC and Board on year-to-date financial results versus budget; and on the Association's financial reserves
- available to attend most EOC and Board meetings to present financial reports. Attendance may be either in-person or by virtual platform; however, for those meetings which are in-person only or hybrid, in-person attendance by the Treasurer, as an Officer of the Association, is preferred.
- experience in the development of annual operating budgets; familiarity with budgeting for an Association or similar non-profit organization is an asset
- available to work intensively during the mid-October through early December period each year on development of CAFII's operating budget for the subsequent year
- some experience/familiarity with the annual audit process for non-profit organizations, and in working with external auditors
- reasonable level of availability and flexibility to be a signatory on CAFII cheques, in keeping with the Association's Cheque Signing Authority Policy. (This is an irregular, occasional need only, as CAFII has transitioned to handling most payments via an electronic approval and deposit system, and only uses physical cheques infrequently)
- a collegial nature, as must be able to work co-operatively with other CAFII volunteer leaders; the Co-Executive Directors; the Administrative Co-ordinator, Controller, and President at Managing Matters; external auditors; and other suppliers and stakeholders in the overall stewardship of the Association's financial affairs

Estimated Time Commitment:

Monthly (4 hours)	Quarterly (3 hours)	Annual (5 hours)
<ul style="list-style-type: none"> - Review expense reports - Review monthly financials - Release ad-hoc wire payments - Participate in monthly EOC Meeting 	<ul style="list-style-type: none"> - Participate in quarterly Board Meetings - Review and prepare for Board Meetings 	<ul style="list-style-type: none"> - Review and assist in setting annual budget - Participate in annual KPMG audit process - Annual Meeting of Members

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 2(a-g) Consent Items

Purpose of this Agenda Item –Information only

To provide documentation for the EOC to review, which does not require updates, discussion, or decisioning.

Background Information

The Consent Items that do not require any discussion or decisions are:

- a. Consultations/Submissions Timetable;
- b. Regulatory Update;
- c. April 29/22 CAFII Response Submission to FSRA Consultation on “Principles-Based Regulation”;
- d. May 3/22 CAFII Response Submission to FSRA Consultation on “Principles of Conduct for Insurance Intermediaries”;
- e. Regulator and Policy-Maker Visit Plan Recap;
- f. Summary of Board and EOC Action Items;
- g. Board-Approved Schedule of CAFII 2022 Meetings and Events.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

7 attachments.

CAFIL Consultations/Submissions Timetable, 2022-23

Regulatory Issue	Deliverable	Deadline	Accountable
Financial Consumer Agency of Canada (FCAC)	<ul style="list-style-type: none"> CAFIL submission on “Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks” CAFIL meets virtually with FCAC staff executives to present highlights of submission on “Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks” FCAC virtual meeting with K. Martin and B. Wycks to present its decisions on elements in CAFIL’s submission on “Proposed Guideline” FCAC releases final version of “Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks” 	<ul style="list-style-type: none"> January 6/22 January 15/22 February 17/22 February 24/22 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
BC Ministry of Finance 10-Year Review of FIA (Public Consultation Paper issued June/15)	<ul style="list-style-type: none"> Revised Financial Institutions Act (FIA) tabled in the legislature CAFIL submission on draft Regulations in support of Revised FIA 	<ul style="list-style-type: none"> October 21/19 Q2 through Q3 2022 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
British Columbia Financial Services Authority (BCFSA)	<ul style="list-style-type: none"> CAFIL meeting with BCFSA re “Discussion Paper: Information Security Incident Reporting” CAFIL written submission on BCFSA’s Information Security Incident Discussion Paper (overhauled based on insights from February 24/22 meeting) 	<ul style="list-style-type: none"> February 24/22 March 1/22 	<ul style="list-style-type: none">
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> CAFIL submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> January 28, 2022 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> CAFIL submission on Draft Regulation Respecting Complaint Processing CAFIL makes submission to AMF on wording modifications needed to Fact Sheet and Notice of Rescission to make them fit credit card-embedded insurance benefits CAFIL submission on AMF draft Incentive Management Guideline 	<ul style="list-style-type: none"> December 8/21 January 17/22 February 18/22 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-Eds to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> <i>CCIR/CISRO FTC Working Group accepts proposal in CAFIL’s July 2/20 letter</i> CAFIL submission on CCIR/CISRO Draft “Incentives Management Guidance” CAFIL submission on CCIR/CISRO proposed “Incentives Management Guidance” 	<ul style="list-style-type: none"> August 31/20 September 17/21 April 4/22 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-Eds to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> CAFIL responds to David Weir follow-up questions re legislative constraints which prevent bank branch employees from being individually licensed to sell travel insurance FCNB Releases “Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations” for consultation, with February 7/22 submission deadline CAFIL submission on FCNB’s “Insurance Act Rewrite: Questions For Industry, Dec. ‘21” CAFIL submission on Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations CAFIL submission on Proposed Rule INS-002: Insurance Fees <u>CAFIL submission on FCNB legislative change proposals re Life Insurance and Accident & Sickness Insurance sections of Insurance Act (informal sounding board consultation)</u> 	<ul style="list-style-type: none"> May 19/21 November 2021 January 31/22 February 7/22 February 18/22 <u>May 20/22</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-Eds to monitor
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> CAFIL responds to FSRA’s further consultation with submission on Revised UDAP Rule Keith Martin provides qualitative interview input to Environics in response to FSRA consultation on Stakeholder Advisory Committee structure, possible renewal/revision CAFIL responds to FSRA consultation on “Enforcement Proceedings and Investigations” CAFIL responds to FSRA consultation on Proposed 2022-23 Statement of Priorities CAFIL responds to FSRA “Information Guidance on Complaints Resolution” consultation CAFIL submission on FSRA’s “Principles-Based Regulation” consultation document CAFIL submission on FSRA’s “Principles of Conduct for Insurance Intermediaries” <u>CAFIL submission on FSRA’s “Guidance on Use of Retained Revenues”</u> 	<ul style="list-style-type: none"> August 11/21 July 2021 Sept 24/21 October 29/21 February 15/22 April 29/22 May 3/22 <u>May 31/22</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor

Underline = new/updated item since previous publication; **Boldface** = CAFIL response pending; *Italics* = CAFIL meeting with regulators/policy-makers pending

29 April, 2022

Mr. Mark White, CEO; and
Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6
mark.white@fsrao.ca; and
<https://www.fsrao.ca/engagement-and-consultations/seeking-input-proposed-principles-based-regulation-approach-guidance#comment>

RE: CAFII Feedback on FSRA's Proposed Principles-Based Regulation Approach Guidance

Dear Mr. White:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on FSRA's *Proposed Principles-Based Regulation Approach Guidance*.

CAFII strongly supports a principles-based regulatory (PBR) approach. PBR produces the desired regulatory outcomes by engaging regulated entities directly in the regulator's objectives; and by rooting the regulatory regime in a strong foundation of dialogue and the pursuit of common objectives, it is more effective at achieving the desired outcomes than is a rules-based approach.

PBR is also better aligned with a regulatory regime designed around fair treatment of customers (FTC); and it optimally balances FTC with fostering and supporting industry innovation. As well, PBR is fully consistent with the increasingly prevalent recognition that the most important element in achieving FTC is focusing on the corporate culture of regulated entities.

In that regard, CAFII concurs with FSRA's assertion that "PBR is a regulatory and supervisory approach used by leading financial services regulators around the world. In addition to being an effective and efficient way to regulate and supervise regulated entities and individuals . . .," and that it facilitates a regulator's ability to

- *respond more quickly to technological changes, consumer and beneficiary needs, and disruptions in the financial services landscape;*
- *more effectively focus on desired regulatory outcomes and objectives to be achieved; and*
- *reduce regulatory burden through a more flexible regulatory approach, which allows regulated entities to determine how to best achieve adherence with outcomes based on their size, complexity, and risk profile. (page 2)*

Our Association supports FSRA's PBR framework principles, as we believe that they set out the key elements for successful regulatory outcomes. Critical elements include an outcomes-focused and risk-based approach, along with a collaborative and transparent-by-design operating model so that regulated entities can provide input and feedback and be fully trusting and confident partners in the process.

We concur that a customer-centric approach is central to successful PBR; and we applaud FSRA's complementary emphasis on fostering and supporting industry innovation, which will be critical to Ontario's ability to continue to thrive, remain the economic engine and heartland of Canada, and sustain a growing population and evolving society.

We also agree with FSRA's observation that supervisory and enforcement powers are necessary elements in a regulator's toolkit, and that without such powers the ability to implement and maintain a PBR approach could be undermined.

However, in that connection, one area of concern for our Association relates to the best way for FSRA to develop and utilize its enforcement powers. While CAFII has continuously supported FSRA's having Rule-making authority, viewing it as a positive development, we do have some concern about the process followed around the first Rule which FSRA has developed and implemented under its Rule-making authority, the Unfair or Deceptive Acts or Practices (UDAP) Rule.

The UDAP Rule contains measures which CAFII supports, but we are concerned about the fact that as FSRA's precedent-setting, first such Rule, it is very unique relative to pre-existing, parallel regulatory provisions in other provincial/territorial jurisdictions. We are troubled by the fact that this uniqueness undermines the objective of regulatory harmonization, something critically important to CAFII members given their accountability to 17 different provincial, territorial, and federal insurance regulators.

CAFII members, which are mainly the insurance arms of Schedule I Canadian banks and their insurer/underwriter partners, operate across the country in the life and health insurance sector; and, as such, they are provincially/territorially regulated. However, as federally regulated financial institutions (FRFIs), banks, some credit unions, and many insurers are also subject to federal regulation, including by the Financial Consumer Agency of Canada (Canada) and the Office of the Superintendent of Financial Institutions (OSFI).

Given the fact that our Association's members are subject to both federal and provincial/territorial regulation, CAFII constantly requests of regulators that they harmonize their expectations of regulated entities to the maximum extent possible.

Often, regulators in different provinces introduce regulatory requirements which have the exact same intent as existing requirements in another province or federally, but yet differ slightly in the details of how those expectations are defined, or are to be implemented and/or reported on by regulated entities.

In such cases, regulated entities must allocate significant resources to deciphering and adjusting to the nuanced differences from jurisdiction to jurisdiction. This time-consuming, costly, and attention-sapping "exception management" process diverts resources away from the essential consumer protection aspects of regulators' expectations.

In CAFII's view, it is always preferable that – before proceeding to develop and implement a new Rule -- a regulator should ask why a contemplated Rule is preferred to a Guideline; and also ask whether a contemplated Rule can be harmonized, in its design and development phase, with existing regulatory expectations in other jurisdictions; or, better yet, developed through a national co-ordinating body such as the Canadian Council of Insurance Regulators (CCIR) or the Canadian Insurance Services Regulatory Organisations (CISRO), as appropriate, and adopted thereafter by provincial/territorial regulators as their own. We regard that as the optimal approach, one which was deployed in 2018 in CCIR/CISRO's joint development of the "Guidance: Conduct of Insurance Business and Fair Treatment of Customers," which was subsequently adopted, unaltered, by many provincial/territorial regulators including FSRA.

On a go-forward basis, CAFII strongly encourages FSRA, in situations akin to the UDAP Rule, to lead an initiative at CCIR and/or CISRO to develop one national Guideline/Guidance on the matter at hand. That Guideline/Guidance would be developed on a harmonized, national basis similar to the manner in which the CCIR/CISRO FTC Guidance was developed, with shared, multi-jurisdiction compliance monitoring mechanisms built-in which give the Guidance the force and effect of a national Rule.

That said, CAFII applauds FSRA for discussing and airing some of the key issues around the intersection and complementarity between PBR and Rule-making via a panel session in the Authority's Exchange mini-conference on 27 January, 2022. CAFII's keen interest in that topic has resulted in our organizing an upcoming CAFII webinar on 3 May, 2022 on "*Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or 'Dynamic Tension' For Canada's Insurance Regulators?*" in which we will have Dr. Cristie Ford, who participated in the FSRA panel on PBR, along with leading insurance law expert Stuart Carruthers of Stikeman Elliott as our co-panelists. We have invited FSRA staff executives to attend this webinar, and we look forward to examining this important topic in more detail on 3 May.

CAFII thanks FSRA again for the opportunity to provide feedback on your consultation on *Proposed Principles-Based Regulation Approach Guidance*, and we look forward to continuing our dialogue with you on this critically important matter. We also express our appreciation for FSRA's continuing to "walk the talk" on its commitment to open and transparent communication and consultation. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer credit protection, travel, life, health, and property and casualty insurance across Canada. In particular, credit protection insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

Agenda Item 2(c)(2)
May 17/22 EOC Meeting

From: Mark White <Mark.White@fsrao.ca>

Sent: April-30-22 10:46 AM

To: Brendan Wycks <brendan.wycks@cafii.com>

Cc: Rachel Olaso-Pezeshkian <Rachel.Olaso-Pezeshkian@fsrao.ca>

Subject: RE: CAFII Feedback On FSRA's Proposed "Principles-Based Regulation Approach Guidance"

Brendan, thanks for the thoughtful submission from CAFII.

While I will let the team consider this in detail along with all other submissions, I am appreciative of CAFII's support for our PBR approach and note your points on national harmonization, consistent enforcement and selection of rules vs guidance (with UDAP as an interesting example).

Mark

On May 2, 2022, at 9:05 AM, Brendan Wycks <brendan.wycks@cafii.com> wrote:

Thanks very much for this kind acknowledgement of our CAFII submission, Mark.

Much appreciated.

Glad to see that you've registered to attend our CAFII webinar tomorrow on PBR and Rule-making Authority, with Dr. Cristie Ford and Stuart Carruthers dialoguing with Keith on that very interesting topic.

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

From: Mark White <Mark.White@fsrao.ca>
Sent: May-02-22 11:47 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Rachel Olaso-Pezeshkian <Rachel.Olaso-Pezeshkian@fsrao.ca>
Subject: Re: CAFII Feedback On FSRA's Proposed "Principles-Based Regulation Approach Guidance"

Brendan it is great to see you hosting an event to further discussion in the area!

Mark

Sent by Mark White
Mark.white@fsrao.ca
437 928 9612

From: Mark White <Mark.White@fsrao.ca>
Sent: May-04-22 12:29 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Rachel Olaso-Pezeshkian <Rachel.Olaso-Pezeshkian@fsrao.ca>
Subject: RE: CAFII Feedback On FSRA's Proposed Principles of Conduct for Insurance Intermediaries

Brendan, thanks for the CAFII submissions on the insurance intermediaries work – I know our team will consider your comments carefully.

I also wanted to let you know that I found yesterday's webinar to be insightful and useful

Mark

3 May, 2022

Mr. Mark White, CEO; and
Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6

mark.white@fsrao.ca; and

<https://www.fsrao.ca/engagement-and-consultations/consultation-proposed-principles-conduct-insurance-intermediaries>

RE: CAFII Feedback on FSRA's Proposed Principles of Conduct for Insurance Intermediaries:

Dear Mr. White:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on FSRA's *Proposed Principles of Conduct for Insurance Intermediaries*.

As you may recall, credit protection insurance (CPI) and travel insurance are the products which bring CAFII members together in common cause within our Association. Our members offer optional life, critical illness, disability, and loss of employment CPI to consumers at the time that they are taking on a new debt obligation such as a mortgage, line of credit, car loan, or credit card. In addition to being regulated by provincial/territorial insurance regulators across Canada, CPI and travel insurance are also federally regulated as Authorized Insurance Products; and, as such, they are primarily offered by financial institution employees who are not individually licenced as insurance agents. That being the case, our Association is focused on FSRA's *Proposed Principles* mainly as they relate to "intermediaries not licensed with FSRA that have a role to play in distributing or servicing insurance products" (page 4).

CAFII strongly supports a principles-based regulatory (PBR) approach. PBR produces the desired regulatory outcomes by engaging regulated entities directly in the regulator's objectives; and by rooting the regulatory regime in a strong foundation of dialogue and the pursuit of common objectives, it is more effective at achieving the desired outcomes than is a rules-based approach.

PBR is also better aligned with a regulatory regime designed around fair treatment of customers (FTC); and it optimally balances FTC with fostering and supporting industry innovation. As well, PBR is fully consistent with the increasingly prevalent recognition that the most important element in achieving FTC is focusing on the corporate culture of regulated entities.

CAFII regards FSRA's *Proposed Principles of Conduct for Insurance Intermediaries* as being fully consistent with the Authority's commitment to principles-based regulation; and we therefore applaud, in particular, the following statement:

As the Principles of Conduct are aligned with the FTC Guidance, which has been and continues to be implemented by industry, the adoption of the Principles of Conduct should not create more burden. Because the Principles of Conduct are principles-based, industry has some latitude to determine how best to achieve the expected outcomes of this Guidance, and reasonably demonstrate application of this Guidance and the Principles of Conduct, as appropriate to the nature, size and complexity of their business operations and activities. (Pages 8-9.)

We also support and appreciate the fact that the *Proposed Principles* document is well-aligned with the International Association of Insurance Supervisors' Insurance Core Principle (ICP) 18, on Intermediaries, and ICP 19, on Conduct of Business; and that it also has a strong foundation in Canada's own *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, which was jointly developed and launched on a nationally co-ordinated basis by CCIR and CISRO in 2018.

We are pleased by the fact that FSRA does not take a "one size fits all" approach in the *Proposed Principles*; and we therefore strongly concur with the Authority that

All insurance intermediaries and insurers should conduct their business following the Principles of Conduct that are relevant to their role in the industry. Expectations for conduct may differ depending on the nature of the relationship to the customer, the type of insurance provided, and the distribution method. (Page 6.)

However, that said, we do have two important concerns to raise with respect to the *Proposed Principles*.

Our first concern stems from the statement that "*In the future, FSRA intends to assess the potential for incorporating the Principles of Conduct into the UDAP rule*" (Page 6), as we believe that doing that could give rise to possible deviations from a principles-based regulatory approach, unless it is positioned with exceptional care and handled in the same manner on an ongoing basis.

Our concern about the contemplated incorporation of the *Proposed Principles* into FSRA's recently developed UDAP rule would be somewhat mitigated if it is clearly stated that the *Proposed Principles*' becoming a component part of the UDAP rule is solely for the purposes of creating a 'fall-back measure', i.e. to provide enforcement capabilities to FSRA in cases where a regulated entity is clearly not adhering to the *Proposed Principles*. As a general rule, however, CAFII strongly believes that the Authority's first avenue for ensuring proper behaviour among industry participants should be through the *Proposed Principles* itself as a stand-alone document.

Our second issue of concern relates to implementation of the *Proposed Principles*.

CAFII and its members strongly believe that industry participants' adherence to the *Proposed Principles* is far more important than having the industry share the *Principles* with and explain them to customers. For example, delivering fair treatment of customers in all of its facets is exceedingly more important than would be any requirement for industry players to explain to consumers that the interactions they are experiencing conform with FSRA's expectations around *Principles of Conduct for Insurance Intermediaries*.

With respect to this matter, CAFII is troubled by the assertion that "*It is expected that intermediaries and insurers that directly distribute insurance, share and explain the Principles of Conduct to customers*" (Page 7) because we view the imposition of such a communication requirement as something that will only confuse consumers by muddying the waters; distract them with what are largely "internal industry considerations"; and undermine and detract from the positive aspects of their user experience in the purchase of insurance protection.

All things considered, CAFII believes that FSRA's *Proposed Principles of Conduct for Insurance Intermediaries* is a positive step forward and one that strikes the right balance between consumer protection and avoiding burdensome regulation.

However, we ask that full and serious consideration be given to addressing the two issues of concern which we have raised in this submission. Doing so, in our estimation, will both clarify and strengthen the *Proposed Principles* and lead to greater success in their implementation.

CAFII again thanks FSRA for the opportunity to provide feedback on the *Proposed Principles of Conduct for Insurance Intermediaries*, and we look forward to continuing to dialogue with the Authority on this important matter. We convey again our ongoing appreciation for FSRA's continuing to "walk the talk" on its commitment to open and transparent communication and consultation. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer credit protection, travel, life, health, and property and casualty insurance across Canada. In particular, credit protection insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

Agenda Item 2(e)
May 17/22 EOC Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From April 23/22 To May 12/22

<u>Date</u>	<u>Event/Occasion/Issue</u>	<u>Who</u>
May 2/22	Virtual dialogue and negotiation meeting with David Weir, Senior Technical Advisor, FCNB, and lead on multi-year New Brunswick Insurance Act Re-Write project	Brendan Wycks and Keith Martin met virtually with David Weir, FCNB, at CAFII's request, and successfully persuaded him to accept CAFII's counter-proposed approach with respect to CAFII member representatives' participation in FCNB's informal consultation – with CAFII and CLHIA only -- on legislative change proposals with respect to the Life Insurance and the Accident & Sickness Insurance sections of the province's Insurance Act, under a Confidentiality Undertaking with respect to two related FCNB documents. Mr. Weir was persuaded to grant greater flexibility and permit one representative per each of CAFII's 15 Member companies to participate in the process.
May 3/22	Virtual meeting with two FSRA staff executives arising from Keith Martin's re-appointment to a second term on the FSRA Board's Stakeholder Advisory Committee for the Life and Health Insurance Sector.	Keith Martin met virtually with Swati Agrawal, FSRA's Director, Life and Health Insurers in Insurance Conduct, and Nathan Tam, a Senior Compliance Officer at FSRA to discuss issues of relevance and mutual interest re the FSRA Board's Stakeholder Advisory Committee for the Life and Health Insurance Sector.

May 3/22	<p>CAFII Webinar on “<i>Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or ‘Dynamic Tension’ For Canada’s Insurance Regulators?</i>”</p>	<p>More than 40 insurance regulators and policy-makers from across Canada registered for this webinar; and more than 35 actually attended. On April 21/22, Benny Cheung, Manager, Strategic Policy at FSRA sent an email request asking permission to forward the webinar invitation to other FSRA staff colleagues “who are also doing the PRB work.” Mr. Wycks responded affirmatively to grant FSRA’s request, and Mr. Cheung then wrote back to express his thanks.</p> <p>Mark White, CEO of the Financial Services Regulatory Authority of Ontario (FSRA), was among the many insurance regulators and policy-makers who attended this webinar; and, after the event, he commended CAFII for staging it, noting that he had found the discussion therein to be of significant value. On May 12/22, a FSRA communications staff member reached out to David Moorcroft, CAFII’s media consultant, and requested permission to excerpt, repurpose, and post a portion of the recording of the CAFII webinar on FSRA’s own website.</p>
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April 22/22	Sounding board virtual meeting with Tony Toy and Raseema Alam, CCIR Secretariat, re CAFII's plans to hold an in-person 25 th Anniversary celebration event in Toronto in 2022.	Building upon their April 19/22 preliminary sounding board virtual meeting with April Stadnek and Ron Fullan of ICS and CISRO, Brendan Wycks and Keith Martin held a follow-up (30 minutes) virtual sounding board meeting with Tony Toy, CCIR Policy Manager, and Raseema Alam, CCIR Secretariat staff member, to obtain their advice on how CAFII can best schedule an in-person CAFII 25 th Anniversary Celebration in Toronto in 2022 on a date which maximizes the possibility of attendance by insurance regulator and policy-maker invitees from across Canada.
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Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status May 13, 2022
		Association Strategy, Governance and Financial Management			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Dec-22	In progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-22	In progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	31-Dec-22	In progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-22	In progress
5	BOD April 12, 2022	Consult with CCIR & CISRO to find a date for holding the in-person CAFII 25th Anniversary celebration that maximizes regulators participation	B. Wycks/K. Martin	30-Apr-22	Completed
6	BOD April 12, 2022	Implement the Board resolution around public release of selective components of the Deloitte thought leadership paper research results	K. Martin/B. Wycks	30-Jun-22	In Progress
7	BOD April 12, 2022	Work with CAFII's Treasurer and assigned Controller to wind down the Restricted Fund and transfer its residual monies into the Association's General Fund during the Association's 2022 fiscal year	B. Wycks/K. Martin	31-Dec-22	In Progress
		Regulatory Initiatives			
8	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review the CCIR document on adoption of the FTC guidance	K. Martin/B. Wycks	30-Jun-22	In Progress

**CAFII 2022 Schedule of Meetings and Events (Approved By Board of Directors on October 5/21;
But Subsequently Adjusted/Amended)**

Assumes Restart of In-Person Meetings in June 2022 for Board; and September 2022 for EOC

EOC Meetings: *To be held for 2 hours or 1.5 hours, in alternating months*

- **Tuesday, January 18, 2022** (2:00–4:00 p.m. via MS Teams)
- **Tuesday, February 15, 2022** (2:00–3:30 p.m. via MS Teams)
(Family Day Stat Holiday in Ontario: Monday, February 21)
- **Tuesday, March 22, 2022** (2:00–4:00 p.m. via MS Teams)
(Quebec Spring Break: March 7 – March 11. Ontario March Break: March 14 – March 18. Purim: March 17 – March 18)
- **Tuesday, April 26, 2022** (2:00–3:30 p.m. via MS Teams)
(Good Friday: Friday, April 15. Easter Monday: Monday, April 18)
- **Tuesday, May 17, 2022** (2:00–4:00 p.m. via MS Teams)
(Victoria Day Stat Holiday: Monday, May 23)
- **Tuesday, June 28, 2022** (2:00–3:30 p.m. via MS Teams)
(St. Jean Baptiste Day in Quebec: Friday, June 24. Canada Day: Friday, July 1)
- **Tuesday, July 26, 2022**, tentative summer meeting (2:00–3:30 p.m. via MS Teams)
- **Tuesday, August 16, 2022**, tentative summer meeting (2:00–3:30 p.m. via MS Teams)
(Civic Stat Holiday: Monday, August 1)
- **Tuesday, September 20, 2022** (2:00–4:00 p.m. in-person)
(Labour Day: Monday, September 5. Rosh Hashanah: September 26 & 27. National Day for Truth and Reconciliation: Friday, September 30)
- **Tuesday, October 25, 2022** (2:00–3:30 p.m. via MS Teams)
(Yom Kippur: October 4 – October 5. Thanksgiving Stat Holiday: Monday, October 10. Diwali: Monday, October 24)
- **Tuesday, November 22, 2022** (2:00–4:00 p.m. in-person)
(Remembrance Day: Friday, November 11)
- **EOC Annual Appreciation Dinner:** Proposed for **Tuesday, May 17, September 20, 2022** at 5:30 p.m. at a downtown Toronto restaurant, immediately following a 3:00 to 5:00 p.m. EOC meeting, if public health restrictions allow.

Board Meetings:

- **Tuesday, April 12, 2022** (2:00–4:00 p.m. via MS Teams)
(Good Friday: Friday, April 15. Easter Monday: Monday, April 18)
- **Tuesday, June 7, 2022** (2:20–5:00 p.m., preceded by 2022 Annual Meeting of Members; and followed by CAFII 25th Anniversary Celebration at same or nearby downtown Toronto venue). **HOST: BMO Insurance, 68th Floor Event Space, First Canadian Place, Toronto**
- **Tuesday, October 11, 2022** (2:20–4:00 p.m., immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives) **HOST: Desjardins Insurance in Levis/Quebec City** (This is the day immediately following Thanksgiving Monday; however, Tuesday, October 4, 2022 is Yom Kippur)
- **Tuesday, December 6, 2022** (3:00–5:00 p.m.; followed by Holiday Season/Year-End Reception).
HOST: CIBC Insurance

2022 Annual Members and Associates Luncheon:

- Tentative Date: Tuesday, September 13, 2022 from 11:45 a.m. EST to 2:15 p.m. EDT at St. James Cathedral Centre Event Venue , 65 Church St., Toronto

2021 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

CUMIS (National Club), Manulife Financial, National Bank Insurance, TD Insurance

2018 Board Meetings Hosted by:

CAFI; ScotiaLife Financial; BMO Insurance; The Canada Life Assurance

2017 Board Meetings Hosted by:

TD Insurance; CAFI; Desjardins; CIBC Insurance

2016 Board Meetings Hosted by:

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

Recent Years' Annual Members and Associates Luncheons**2021 Annual Members and Associates Virtual Luncheon Webinar**

Date: Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT

Topic: "The Changing Regulatory Environment – Challenges, Risks and Opportunities"

Panelists: Jill McCutcheon, Partner, Torys LLP; Stuart Carruthers, Partner, Stikeman Elliott LLP; Marc Duquette, Partner, Norton Rose Fulbright Corporation. Panel Moderator: Keith Martin, CAFI,

Venue: Virtual-Only Webinar

2020 Annual Members and Associates Virtual Luncheon Webinar

Date: Wednesday, October 21, 2020 from 12 Noon to 1:00 p.m. EDT

Topic: "Setting the Bar Higher: How the Financial Consumer Protection Framework Sets a New Standard for Fairness and Transparency"

Speaker: Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada (Remarks actually delivered by Teresa Frick, Director, FCAC who was subbed in for Frank Lofranco at the last minute)

Venue: Virtual-Only Webinar

2019 Annual Members and Associates Luncheon

Date: Tuesday, February 19, 2019 from 11:45 a.m. to 2:15 p.m.

Topic: "The Changing Regulatory Environment – Challenges, Risks and Opportunities"

Panelists: Stuart Carruthers, Partner, Stikeman Elliott LLP; Koker Christensen, Partner, Fasken; Jill McCutcheon, Partner, Torys LLP. Panel Moderator: Nicole Benson, CEO, Canadian Premier Life/Valeyo

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8th Floor, Toronto, ON

2018 Annual Members and Associates Luncheon

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8th Floor, Toronto, ON

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 3(a) Financial Management Matters--CAFII Financial Statements as at April 30/22

Purpose of this Agenda Item – Update

To update the EOC on the Association's financial position as at 30 April, 2022.

Background Information

Treasurer Tony Pergola will provide an update based on the CAFII Financial Statements as at 30 April, 2022.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

CAFII

411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5

Statement of Operations As at April 30, 2022

	Current Month	Budget Apr-22	Variance to Monthly Budget	Current YTD	Budget '22 YTD	Variance Budget to YTD	Budget 2022
Revenue							
Membership Dues	\$83,038	\$83,038	\$0	\$332,151	\$332,151	\$0	\$996,452
Interest Revenue	\$28	\$21	\$7	\$87	\$83	\$3	\$250
TOTAL REVENUE	83,066	\$83,058	7	\$332,237	\$332,234	\$3	\$996,702
Expenses							
Management Fees	\$43,175	\$42,241	(\$934)	\$171,126	\$168,963	(\$2,163)	\$510,518
Legal and consulting costs	\$0	\$7,533	\$7,533	\$0	\$30,133	\$30,133	\$90,400
Audit Fees	\$1,187	\$1,246	\$59	\$4,746	\$4,983	\$237	\$14,950
Insurance	\$519	\$539	\$20	\$2,076	\$2,155	\$79	\$6,466
Website Ongoing Maintenance	\$1,597	\$626	(\$971)	\$3,230	\$2,504	(\$726)	\$7,513
Telephone/Fax/Internet	\$749	\$501	(\$248)	\$1,578	\$2,005	\$428	\$6,016
Postage/Courier	\$16	\$13	(\$3)	\$48	\$53	\$4	\$158
Office Expenses	\$977	\$437	(\$539)	\$1,719	\$1,750	\$31	\$5,250
Bank Charges	\$25	\$60	\$35	\$198	\$240	\$43	\$721
Miscellaneous Expense	\$0	\$44	\$44	\$0	\$175	\$175	\$524
Depreciation Computer/Office Equipment	\$60	\$0	(\$60)	\$239	\$0	(\$239)	\$0
<i>Budget for Co-Executive Directors' New Office Equipment</i>	\$0	\$753	\$753	\$0	\$3,013	\$3,013	\$9,040
<i>Total Board/EOC/AGM</i>	\$0	\$10,378	\$10,378	\$150	\$41,513	\$41,363	\$124,540
Provincial Regulatory Visits and Relationship-Building	\$760	\$1,695	\$935	\$629	\$6,780	\$6,151	\$20,340
Federal Regulatory Visits and Relationship-Building	\$0	\$471	\$471	\$0	\$1,883	\$1,883	\$5,650
Research/Studies	\$0	\$5,650	\$5,650	\$14,831	\$22,600	\$7,769	\$67,800
Website SEO and Enhancements	\$0	\$3,767	\$3,767	\$0	\$15,067	\$15,067	\$45,200
Regulatory Model(s)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Financial Reform	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	\$0	\$5,650	\$5,650	\$0	\$22,600	\$22,600	\$67,800
FCAC Presentation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Media Outreach	\$202	\$612	\$410	\$1,137	\$2,448	\$1,312	\$7,345
Media Consultant Retainer	\$2,543	\$2,543	\$0	\$10,170	\$10,170	\$0	\$30,510
Marketing Collateral	\$0	\$141	\$141	\$195	\$565	\$370	\$1,695
Contingency For Possible Resumption Of In-Person Meetings/	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSE	\$51,810	\$84,901	\$33,090	\$212,071	\$339,602	\$127,532	\$1,022,437
NET INCOME	\$31,256	(\$1,842)	33,098	\$120,167	(\$7,368)	\$ 127,535	(\$25,735)
proof	-	-	0.00	-	0	-	3,630

Explanatory Notes:

- 1 - Amortization of office equipment based on 4 year straight line depreciation
- 2 - Management fees includes Managing Matters and Executive Director
- 3 - Website includes hosting cafii.com, subscription and website improvements.

CAFII

411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5

Balance Sheet

As at April 30, 2022

	CAFII Operations			CCBPI Project			Combined		
	30-Apr 2022	31-Mar 2022	31-Dec 2021	30-Apr 2022	31-Mar 2022	31-Dec 2021	30-Apr 2022	31-Mar 2022	31-Dec 2021
ASSETS									
Current Assets									
Bank Balance	\$571,373	\$577,237	\$480,291	\$0	\$0	\$0	\$571,373	\$577,237	\$480,291
Savings Account	\$102,601	\$102,573	\$102,514	\$12,151	\$12,151	\$12,151	\$114,752	\$114,724	\$114,665
Accounts Receivable	\$170,433	\$213,789	\$0	\$0	\$0	\$0	\$170,433	\$213,789	\$0
Prepaid Expenses	\$3,437	\$3,956	\$5,513	\$0	\$0	\$0	\$3,437	\$3,956	\$5,513
Computer/Office Equipment	\$10,878	\$10,878	\$10,878	\$0	\$0	\$0	\$10,878	\$10,878	\$10,878
Accumulated Depreciation -Comp/Equip	(\$8,252)	(\$8,193)	(\$8,014)	\$0	\$0	\$0	(\$8,252)	(\$8,193)	(\$8,014)
Total Current Assets	\$850,470	\$900,240	\$591,182	\$12,151	\$12,151	\$12,151	\$862,621	\$912,391	\$603,333
TOTAL ASSETS	\$850,470	\$900,240	\$591,182	\$12,151	\$12,151	\$12,151	\$862,621	\$912,391	\$603,333
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$3,322	\$17,798	\$58,732	\$0	\$0	\$0	\$3,322	\$17,798	\$58,732
Credit Card	\$2,004	\$692	\$1,224	\$0	\$0	\$0	\$2,004	\$692	\$1,224
Account Payable	\$28,999	\$13,823	\$25,327	\$0	\$0	\$0	\$28,999	\$13,823	\$25,327
Deferred Revenue	\$190,078	\$273,116	\$0	\$12,151	\$12,151	\$12,151	\$202,230	\$285,267	\$12,151
Total Current liabilities	\$224,403	\$305,429	\$85,282	\$12,151	\$12,151	\$12,151	\$236,555	\$317,580	\$97,433
TOTAL LIABILITIES	\$224,403	\$305,429	\$85,282	\$12,151	\$12,151	\$12,151	\$236,555	\$317,580	\$97,433
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$505,900	\$505,900	\$383,859	\$0	\$0	\$0	\$505,900	\$505,900	\$383,859
Excess of revenue over expenses	\$120,167	\$88,911	\$122,041	\$0	\$0	\$0	\$120,167	\$88,911	\$122,041
Total Unrestricted Net Assets	\$626,067	\$594,811	\$505,900	\$0	\$0	\$0	\$626,067	\$594,811	\$505,900
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$850,470	\$900,240	\$591,182	\$12,151	\$12,151	\$12,151	\$862,621	\$912,391	\$603,333
	- 0	- 0		0			- 0	-	
Financial Reserves Targets as per 2022 Budget:									
Minimum 3 months (25%) of Annual Operating Expenses=			\$ 255,609	-	907.44				
Maximum 6 months (50%) of Annual Operating Expenses=			\$ 511,218	-	1,814.88				
Current Level of Financial Reserves (total unrestricted net assets):			\$626,067						
Current Level of Financials Reserve (%):			61%		0.00				

CAFI

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Toronto, ON M5A 3S5

Membership Fees

		<u>Feb-22</u>		<u>Jul-22</u>	
		<u>Billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	2022 Upper Tier Member	\$ 38,555	\$ -	\$ 38,555	
CIBC Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
RBC Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
ScotiaLife Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
TD Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
Desjardins Financial Security Life Assurance Company	2022 Upper Tier Member	\$ 38,555	\$ -	\$ 38,555	
National Bank Life Insurance Company	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
Manulife Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
The Canada Life Assurance Company	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
Sun Life Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
Assurant Solutions	2022 Lower Tier Member	\$ 19,278		\$ 19,277	
Canadian Premier Life Insurance Company	2022 Lower Tier Member	\$ 19,278	\$ 19,278	\$ 19,277	
Cumis Group Ltd/Co-operators Life Insurance Co.	2022 Lower Tier Member	\$ 19,278	\$ 19,278	\$ 19,277	
Valeyo	2022 Lower Tier Member	\$ 19,278	\$ -	\$ 19,277	
Canadian Tire Bank	2022 Initiation Members (Lower Tier)	\$ 11,567	\$ -	\$ 11,567	
Norton Rose Fulbright Canada	Associate	\$ 4,800	\$ -		
RSM Canada	Associate	\$ 4,800	\$ -		
Willis Towers Watson	Associate	\$ 4,800	\$ -		
KPMG MSLP	Associate	\$ 4,800	\$ -		
Optima Communications	Associate	\$ 4,800	\$ -		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	\$ -		
Torys LLP	Associate	\$ 4,800	\$ 4,800		
Dog and Pony Studios	Associate	\$ 4,800	\$ -		
Stikeman Elliott LLP	Associate	\$ 4,800	\$ -		
RSA	Associate	\$ 4,800	\$ -		
Feb Invoices		\$522,229	\$351,796		
July Invoices		\$474,225			
Total Membership Fees		\$996,453			
Total amount to realocate monthly Jan-Dec. 2022		\$83,038			

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 3(b)

Financial Management Matters—Forecast For CAFII 2022 Fiscal Year as at April 30/22

Purpose of this Agenda Item – Update

To update the EOC on the financial forecast for the Association for fiscal year 2022, as at April 30, 2022.

Background Information

Treasurer Tony Pergola will provide an update based on the CAFII 2022 fiscal year forecast.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

2022 CAFII Budget

	Reference Only										
	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	CAFII 2022 Operating Budget Pre Tax	CAFII 2022 Operating Budget HST	CAFII 2022 Operating Budget	2022 YTD April 2022	2022 Forecast	Comment/Rationale	
Revenue											
Membership Dues	\$695,545	\$734,664	\$884,721	\$955,970	\$996,452	\$0	\$996,452	\$332,151	\$996,452	See breakdown in Member Dues Revenue Tab (includes one new Member at Lower Tier Dues as CPL and Valeyo intend to become two separate CAFII Members)	
Annual Members' Luncheon "Additional Seats" Revenue	\$0	\$195	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Interest	\$0	\$982	\$399	\$236	\$250	\$0	\$250	\$87	\$250		
TOTAL REVENUE	\$ 695,545	\$ 735,841	\$ 885,120	\$ 956,206	\$ 996,702	\$ -	\$ 996,702	\$ 332,237	\$ 996,702		
EXPENSE											
Management Fees	\$460,299	\$465,134	\$476,844	\$486,711	\$451,786	\$58,732	\$510,518	\$171,126	\$510,518	Same as budget	
Legal and consulting costs associated with regulatory submissions and initiatives	\$563	\$0	\$28,975	\$74,221	\$80,000	\$10,400	\$90,400	\$0	\$90,400	Same as budget	
Audit Fees	\$14,432	\$14,799	\$16,743	\$13,224	\$13,230	\$1,720	\$14,950	\$4,746	\$14,950	Same as budget	
Insurance	\$5,258	\$5,338	\$5,385	\$5,877	\$5,722	\$744	\$6,466	\$2,076	\$6,466	Same as budget	
Website Ongoing Maintenance	\$6,461	\$10,022	\$5,765	\$6,958	\$6,649	\$864	\$7,513	\$3,230	\$7,513	Same as budget	
Telephone/Fax/Internet	\$5,939	\$6,494	\$5,808	\$6,799	\$5,324	\$692	\$6,016	\$1,578	\$6,016	Same as budget	
Postage/Courier	\$458	\$159	\$53		\$140	\$18	\$158	\$48	\$158	Same as budget	
Office Expenses	\$2,423	\$2,025	\$2,158	\$2,694	\$4,646	\$604	\$5,250	\$1,719	\$5,250	Same as budget	
Bank Charges	\$23	\$112	\$236	\$662	\$638	\$83	\$721	\$198	\$721	Same as budget	
Depreciation Computer/Office Equipment	\$1,136	\$1,136	\$1,136	\$1,136	\$464	\$60	\$524	\$239	\$524	Same as budget	
Miscellaneous Expense	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	Same as budget	
Budget for Co-Executive Directors' New Office Equipment					\$8,000	\$1,040	\$9,040	\$0	\$9,040	Same as budget	
Total Board/EOC/AGM	\$52,957	\$65,053	\$8,920	\$1,822	\$110,213	\$14,328	\$124,540	\$150	\$124,540	Includes Annual Members' Luncheon (\$15,065); Board Hosting External (\$22,500); Board/EOC Meeting Expenses (\$29,055); Industry Events (\$3,390); EOC Annual Appreciation Dinner (\$5,305); Speaker fees & travel (\$3,390); Gifts (\$1,200);Networking Events(\$ 1,130); CAFII Reception Events (\$3,955); CAFII 25th Anniversary Celebration (\$ 39,550). These events will occur in May & June & Sept.,2022.	
Provincial Regulatory Visits and Relationship-Building	\$11,230	\$16,833	\$983		\$18,000	\$2,340	\$20,340	\$629	\$20,340	Same as budget	
Federal Regulatory Visits and Relationship-Building	\$0	\$442	\$540		\$5,000	\$650	\$5,650	\$0	\$5,650	Same as budget	
Research/Studies	\$77,345	\$5,368	\$28,646	\$75,473	\$60,000	\$7,800	\$67,800	\$14,831	\$67,800	Same as budget	
Website SEO and Enhancements	\$21,702	\$40,914	\$31,144	\$50,737	\$40,000	\$5,200	\$45,200	\$0	\$45,200	Same as budget	
Regulatory Model(s)	\$6,490	\$7,555	\$0		\$0	\$0	\$0	\$0	\$0	Same as budget	
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$68,365	\$67,800	\$60,000	\$7,800	\$67,800	\$0	\$67,800	Same as budget	
FCAC Presentation	\$0	\$0	\$20,905		\$0	\$0	\$0	\$0	\$0	Same as budget	
Media Outreach	\$6,883	\$5,683	\$350	\$9,543	\$6,500	\$845	\$7,345	\$1,137	\$7,345	Same as budget	
Media Consultant Retainer	\$31,639	\$27,120	\$27,685	\$29,792	\$27,000	\$3,510	\$30,510	\$10,170	\$30,510	Same as budget	
Marketing Collateral	\$557	\$1,629	\$845	\$717	\$1,500	\$195	\$1,695	\$195	\$1,695	Same as budget	
Tactical Communications Strategy	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		
Contingency For Possible Resumption Of In-Person Meetings/Events, Etc. in 2021	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		
TOTAL EXPENSE	\$ 705,793	\$ 675,816	\$ 731,485	\$ 834,165	\$ 904,811	\$ 117,625	\$ 1,022,437	\$ 212,071	\$ 1,022,437		
Excess of Revenue over Expenses	(\$10,248)	\$60,025	\$153,636	\$122,041			(\$25,735)	\$120,166	(\$25,735)		
Total Equity (beginning of year)	\$180,447	\$170,198	\$230,223	\$383,859			\$505,900	\$505,900	\$505,900		
Total equity (end of year)	\$170,198	\$230,223	\$383,859	\$505,900			\$480,165	\$626,066	\$480,165		

Explanatory Notes:
(1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
(2) Amortization of office equipment based on 4 year straight line depreciation
(3) \$90,400 Legal Expense for Marc Dequette/Norton Rose Fulbright to complete legal opinion re: AMF Spousal Coverage Issue. Alternative for paying for legal opinion is to use the remaining funds from the CCPBI Special Project Fund

Actual/Forecasted Financial Reserves					2022 Operating Budget	2022 Forecast
	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals		
Minimum 3 months (25%) of Annual Operating Expenses =	\$176,448	\$168,954	\$182,871	\$208,541	\$255,609	\$255,609
Maximum 6 months (50%) of Annual Operating Expenses =	\$352,897	\$337,908	\$365,742	\$417,083	\$511,218	\$511,218
Actual/Forecasted Level of Financial Reserves:	\$170,198	\$230,223	\$383,859	\$505,900	\$480,165	\$480,165
Actual/Forecasted Level of Financial Reserves %:	24%	34%	52%	61%	47%	47%

2019 Operational Budget - Member Dues Breakdown

2018 Member Dues Breakdown

Upper Tier Member	73,438.00	5	367,190.00
DFS	55,079.00	1	55,079.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	2	88,000.00
Associate	4,800.00	8	38,400.00
			695,545.00

2019 (Base) Member Dues Breakdown

Upper Tier Member	73,438.00	6	440,628.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	3	132,000.00
Associate	4,800.00	8	38,400.00
			757,904.00

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

Upper Tier Member	73,438	6	440,628.00
National Bank	55,079	1	55,079.00
Lower Tier Member	36,719	3	110,157.00
Initiation Members	44,000	2	88,000.00
Associate	4,800	8.5	40,800.00
			734,664.00

2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase

2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	11	52,800.00
			908,719.89

2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase

2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	6	28,800.00
			884,719.89

2020 Upper Tier Member

BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company

2020 Lower Tier Member

Assurant Solutions
Canadian Premier Life Insurance Company
Cumis Group Ltd/Co-operators Life Insurance Co.

2020 Initiation Members (Upper Tier)

Sun Life Financial

2020 Associate

RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
*TBC
*TBC

*Associate Candidates - Stikeman Elliott, Norton Rose, Deloitte, Dog and Pony - To be confirmed

Did not renew in 2020

PWC
Munich Reinsurance Company Canada Branch (Life)
RankHigher.ca

2021 Operational Budget - Member Dues Breakdown - No Dues Increase

2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	5	24,000.00
			918,474.84

2021 Upper Tier Member

BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company

2021 Lower Tier Member

Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.

2021 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

2021 Associate

RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP

2021 Forecast

2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	13,494	1	13,494.00
Associate	4,800	10	48,000.00
			955,968.84

2021 Upper Tier Member

BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company

2021 Lower Tier Member

Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.

2021 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

2021 Associate

RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
Dog and Pony Studios
Stikeman Elliott LLP
RSA
Norton Rose Fulbright Canada

Initiation Members (Lower Tier)

Canadian Tire Bank CTB is joining CAFII in early June, we will

2022 Operational Budget - Member Dues Breakdown - No Dues Increase

2022 Member Dues Breakdown

Upper Tier Member	77,110	10	771,099.00
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	0	0.00
Initiation Members (Lower Tier)	23,133	1	23,132.97
Associate	4,800	10	48,000.00
			996,451.77

2022 Upper Tier Member

BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company
Sun Life Financial

2022 Lower Tier Member

Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.

2022 Initiation Members (Upper Tier)

2022 Associate

RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
Dog and Pony Studios
Stikeman Elliott LLP
RSA
Norton Rose Fulbright Canada

Initiation Members (Lower Tier)

Canadian Tire Bank

2nd Year

Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 3(c)
Financial Management Matters— CAFII Member 2022 First Instalment Dues Payments; and CAFII
Associate 2022 Dues Payments as at May 13/22**

Purpose of this Agenda Item – Update

To update the EOC on the collection of CAFII 2022 Membership and Associate dues.

Background Information

CAFII Members have been sent the first instalment of dues invoices for 2022, and CAFII is following up around their collection.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 4(a) Market Conduct & Licensing Committee Update

Purpose of this Agenda Item—*Update*

This is an overview update of recent Market Conduct & Licensing Committee activity by Chair Brad Kuiper.

Background Information

Recommendation / Direction Sought – *Endorsement*

None.

Attachments Included with this Agenda Item

1 attachments on Recently Completed & Imminent CAFII Regulatory Submissions.

Agenda Item 4(a)
May 17/22 EOC Meeting

Recently Completed and Imminent/Pending CAFII Regulatory Submissions As At May 13, 2022

<u>Regulatory Authority</u>	<u>Topic</u>	<u>Deadline</u>	<u>Comments</u>
CISRO	Survey of Industry Associations on "Understanding the Consumer Awareness Strategies Currently Undertaken By Industry"	November 30, 2021	Completed by B. Wycks on CISRO's Survey Monkey site.
AMF	Draft Regulation on Complaints Handling and Dispute Resolution in the Financial Sector	December 8, 2021	CAFII submission sent on December 8/21.
FCAC	Proposed Guideline On Complaint Handling Procedures For Banks and Authorized Foreign Banks	December 11, 2021	CAFII submission sent on December 11/21.
FCAC	Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks	January 6, 2022	CAFII submission sent on January 6/22. Follow-up virtual Stakeholder Session, requested by FCAC, took place on Friday, January 15/22.
AMF	Revised/Updated Sound Commercial Practices Guideline	January 28, 2022	CAFII submission sent on January 28/22.
FCAC	Proposed Guideline on Whistleblowing Policies and Procedures for Banks and Authorized Foreign Banks	January 29, 2022	CAFII Co-Executive Directors are of the view that this consultation is "out of scope" for our Association, and is best left for the Canadian Bankers Association (CBA) to respond to/address. This is the third in a series of consultations on guidelines that FCAC has developed to help Banks comply with their obligations in the Bank Act and the new Financial Consumer Protection Framework Regulations , which will come into force on June 30, 2022. A first consultation on a proposed Guideline on Complaints Handling Procedures ended on December 11, 2021. A second consultation on a proposed Guideline on Appropriate Products and Services is in progress until January 6, 2022.
FCNB	"Proposed Rule INS-	CAFII submission	Among various matters, outlines specifics of FCNB's plan to introduce a Restricted Insurance Agent (RIA) licensing regime in New Brunswick, which will be the first in Atlantic Canada.

	001: Insurance Intermediaries Licensing and Obligations"	sent on February 7, 2022	
OSFI	Draft Guideline B-13: Technology and Cyber Risk Management	February 9, 2022	Insights gained from a November 30/21 OSFI Information Session webinar enabled CAFII to determine that this OSFI consultation is "out of scope" for our Association, as it is exclusively prudential regulation/"going concern"-focused and not inclusive of consumer-oriented, market conduct regulatory issues.
FSRA	"Information Guidance on complaints resolution"	CAFII submission sent on February 15, 2022	Released on December 22/21 for a 55 days public consultation. CAFII has responded to FSRA consultations of this nature/type in the past.
FCNB	Proposed Rule INS-002: Insurance Fees"	CAFII submission sent on February 18, 2022	Released on December 17/21 for a 60 days public consultation. CAFII has responded to FCNB consultations of this nature/type in the past.
AMF	Incentive Management Guideline	CAFII submission sent on February 18, 2022	AMF extended deadline from the initial January 28/22, largely at CLHIA's behest.
BCFSA	"Discussion Paper: Information Security Incident Reporting"	CAFII submission sent on March 1, 2022	A delegation of approximately 15 CAFII representatives met virtually with BCFSA staff executives Saskia Tolsma, Rob O'Brien, and Steven Wright to discuss the Authority's "Discussion Paper: Information Security Incident Reporting" and CAFII's preliminary feedback on that consultation document (Rob and Steven, collectively, are responsible for drafting BCFSA's market conduct-related consultation documents). Insights gained caused CAFII to overhaul its draft written submission on the Discussion Paper – largely to be more emphatic and specific in its recommendations around national harmonization, through CCIR – and to secure a two business days deadline extension to March 1/22.
CCIR/CISRO	Proposed "Incentive Management Guidance"	April 4, 2022	CAFII submission sent on April 4/22.
FSRA	"Principles-Based Regulation" consultation document	April 29, 2022	CAFII submission sent on April 29/22.
FSRA	Proposed "Principles of Conduct for Insurance Intermediaries"	May 3, 2022	CAFII submission sent on May 3/22.
FCNB	Informal Consultation on Imminent	May 20, 2022	With FCNB's agreement/permission, CAFII has formed an special ad hoc Working Group comprised of one representative

	Amendments to Life; and Accident & Sickness Insurance sections of New Brunswick Insurance Act		per each of the Association's 15 Member companies to tackle this review and feedback assignment under a Confidentiality Undertaking.
FSRA	Consultation on "Guidance on Use of Retained Revenues under Regulation 'Money Retained Outside the Consolidated Revenue Fund'	May 31, 2022	Released on April 26/22 for a 35 days public consultation.
OSFI	Consultation on "Culture Risk Management"	May 31, 2022	EOC determined that this consultation is out-of-scope for CAFII.
Insurance Council of BC	Consultation on "Insurance Council Rules" (which set the licence conditions and requirements for all BC insurance licensees)	June 1, 2022	EOC determined that this consultation is out-of-scope for CAFII.

Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 4(a)i
Committee Updates—Market Conduct & Licensing-- FCNB Informal Sounding Board Consultation on
Imminent Amendments to Life and Health Sections of New Brunswick Insurance Act (Including CAFII
Compliance with FCNB's Confidential/Embargoed Terms of Release) (Submission Deadline: May
20/22)**

Purpose of this Agenda Item – Update

This is an update on a regulatory submission CAFII is making to FCNB.

Background Information

FCNB's David Weir has asked CAFII and CLHIA to provide FCNB with feedback on near-final proposals for amendments to the life and health sections of the New Brunswick new Insurance Act. In a 2 May, 2022 virtual meeting with David Weir, he agreed to modify his earlier very strict limitation on the number of people who could be participants in the CAFII review group; and to instead allow one representative from each of CAFII's 15 member companies.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(a)(i)
May 17/22 EOC Meeting

From: Brendan Wycks <brendan.wycks@cafii.com>

Sent: Monday, May 9, 2022 4:22 PM

To: EOC Members

Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>

Subject: [External] Special Request/Invitation For One Appointee Per Member Company For CAFII Working Group On FCNB Legislative Change Proposals Re Life Insurance and Accident and Sickness Insurance Sections of Province's Insurance Act

CAFII EOC Members:

In follow-up to the special *ad hoc* request below from David Weir, Senior Technical Analyst at the Financial and Consumer Services Commission of New Brunswick (FCNB) and lead on its multi-year Insurance Act Rewrite project, Keith Martin and I have ultimately negotiated with him an agreement that CAFII may share the confidential FCNB documents for review and feedback with up to 15 CAFII Member representatives – one per Member Company – under a confidentiality Undertaking, in order to allow our Association to complete the review and feedback request.

Initially, David and his FCNB superiors wanted to restrict the size of both CAFII's and CLHIA's review groups to five or six individuals each, in order to safeguard confidentiality and mitigate against any premature release/disclosure of what are still considered to be preliminary legislative proposals and not yet Government of New Brunswick policy.

However, we were able to persuade David that CAFII's size and nature as a Member-driven Association and our governance practices dictate that we could only participate if a Working Group of up to 15 persons -- one representative from each of our 15 Member companies -- was permissible and acceptable to FCNB.

With that permission now granted by FCNB and a **deadline of Friday, May 20/22** established for CAFII's feedback submission, Keith and I ask that one EOC member from each Member company respond to the poll below, **by end of day on Tuesday, May 10**, to help us populate a "CAFII Working Group On FCNB Legislative Change Proposals Re Life Insurance and Accident and Sickness Insurance Sections of Province's Insurance Act."

Ideally, each Member's appointee to this Working Group will have a Legal or a Legal/Compliance background and experience in reviewing provincial insurance legislation.

And while it is unlikely at this point in time that CAFII and CLHIA will be able to co-ordinate their feedback into a single submission to FCNB, we will certainly reach out to Kate Walker at CLHIA to compare notes and ensure that our respective Association submissions are well-aligned.

____ EOC Member's Name and Company

___ Yes ___ No My CAFII Member Company would like to appoint a Legal or Legal/Compliance Expert to the CAFII Working Group On FCNB Legislative Change Proposals Re Life Insurance and Accident and Sickness Insurance Sections of Province's Insurance Act

Recognizing that this appointee will be asked to (i) indicate acceptance of a Confidentiality Undertaking before FCNB's confidential documents are shared with him/her; (ii) maintain the confidentiality of the FCNB documents as part of this CAFII review and feedback exercise; and (iii) limit discussion about the FCNB's legislative change proposals to other members of the CAFII Working Group; and that up to two one hour virtual meetings of the Working Group (both to occur in the Wednesday, May 11/22 to Tuesday, May 17/22 timeframe) may be required to complete its mandate, my Member Company wishes to appoint the following person to the CAFII Working Group On FCNB Legislative Change Proposals Re Life Insurance and Accident and Sickness Insurance Sections of Province's Insurance Act (name, position title, and contact information of appointee):

Thank you, in advance, for your co-operation and support in this initiative,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

Alternate T: 647.361.9465

www.cafii.com

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Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 4(a)ii
Committee Updates—Market Conduct & Licensing-- FSRA Consultation on “Guidance on Use of
Retained Revenues under Regulation ‘Money Retained Outside the Consolidated Revenue Fund’”
(Submission Deadline: May 31/22)**

Purpose of this Agenda Item – Update

An update on a regulatory submission which CAFII is making to FSRA.

Background Information

CAFII is making a regulatory submission to FSRA on its “Guidance on Use of Retained Revenues under Regulation ‘Money Retained Outside the Consolidated Revenue Fund.’”

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

1 attachment.

Approach

Effective Date: August 3, 2021

Identifier: No. GR0012APP

Use of Retained Revenues under Regulation “Money Retained Outside the Consolidated Revenue Fund” Guidance

1. Purpose

1.1 Ontario Regulation 554/21¹ (“the Regulation”) under the *Financial Services Regulatory Authority of Ontario Act, 2016* permits FSRA to retain certain revenue (“Retained Revenue”). Previously, FSRA paid this revenue into the government’s Consolidated Revenue Fund. The Regulation sets out the qualified purposes for Retained Revenues uses. This guidance informs the public of FSRA’s use and administration of that money.

2. Scope

2.1 This guidance affects all FSRA regulated entities consumers, members, beneficiaries, and the public.

¹ See O. Reg. 554/21 <https://www.ontario.ca/laws/regulation/210554>

2.2 This guidance affects the following aspects of FSRA operations and regulatory activities:

- use of revenues obtained from an order or settlement or from administrative monetary penalties
- research
- educational initiatives
- knowledge or information

3. Rationale and background

3.1 The statutes FSRA administers authorize FSRA to impose administrative monetary penalties (“AMPs”) for a variety of non-compliance actions. AMPs are one compliance tool FSRA has at its disposal. FSRA may also enter into settlement agreements in respect of enforcement proceedings. Legislation, regulations or FSRA Rules authorize FSRA to collect and enforce the payment of such penalties and settlements.²

3.2 The Regulation permits FSRA to use the Retained Revenues for the following purposes:

- (a) funding research or educational initiatives to enhance financial literacy, financial awareness, knowledge of rights and obligations or the informed decision making of consumers or pension plan beneficiaries
- (b) funding research or educational initiatives that
 - (I) enhance the knowledge or understanding of persons or entities carrying on business in the regulated sectors, including activities, operations, regulatory obligations, or market trends in the regulated sectors

² *Insurance Act*, R.S.O. 1990, c.18 section 441.6.

Compulsory Automobile Insurance Act, R.S.O. 1990, c.C.25 section 14,7.

Credit Unions and Caisses Populaires Act, 1994, S.O. 1994, c. 11 section 331.6.

Mortgage Brokerages, Lenders and Administrators Act, 2006, S.O. 2006, c.29 Section 42.

Pension Benefits Act, R.S.O. 1990, c. P.8 section 108.5.

Automobile Insurance Rate Stabilization Act, 2003, S.O. 2003, c. 9 section 11.6.

(II) have the goal of

(A) improving the protection of consumers

(B) protecting and safeguarding the pension benefits and rights of pension plan beneficiaries

(C) promoting the good administration of pension plans

(D) improving compliance by persons or entities carrying on business in the regulated sectors

(c) enhancing knowledge or information about the regulated sectors

3.3 Use of Retained Revenues will not be for regular FSRA operating costs, which are funded through the assessment under the FSRA's Fee Rule.

3.4 The moneys used for eligible projects will be based on Retained Revenues collected after August 3, 2021. All annual and ad hoc requests will be considered based on actual collected funds at the time of the request not AMPs levied or annual projections.

3.5 FSRA is required to make all reasonable efforts to use Retained Revenues in relation to the regulated sector that the money came from or proportionately across multiple regulated sectors, including the regulated sector that the money came from.

3.6 The Regulation requires FSRA to report in its financial statements: the amount retained by sector, purpose of use, how funds were used for each purpose, how those purposes will fulfilled /advanced.

4. Approach

FSRA's approach to managing Retained Revenues includes:

- methodology for evaluation and prioritization of initiatives
- initiative selection timing

- responsibility, or responsible personnel, for initiative evaluation and decision-making
- senior management review
- Retained Revenues spending within a fiscal year and/or carry-over to subsequent fiscal years
- the exercise of discretion

4.1 Project submission

- 4.1.1 The Director, Consumer Office may authorize designated persons (“designated persons”) to propose initiatives for use of Retained Revenues. Designated persons will be employees of FSRA. FSRA’s Approach will not include public invitations or calls for proposals or bids. FSRA may engage third parties in using Retained Revenues.
- 4.1.2 The Director, Consumer Office will work with existing processes to identify priority items and may, seek proposals from across FSRA’s functional areas. Review of proposals will align with FSRA’s annual Statement of Priorities and budget process. Designated persons may prepare an in-year proposal for the use of unallocated revenues.
- 4.1.3 To be eligible, an initiative must comply with the parameters set out in the Regulation. FSRA will assess proposed initiatives against available Retained Revenues collected after August 3, 2021.
- 4.1.4 The Projects to be funded in whole or in part through Retained Revenues will be considered at the following periods:
- Annually: The Policy Consumer Office will initiate a call for proposals, in alignment with the timing of the Statement of Priorities and budget process.
 - In-year requests: For unforeseen in-year opportunities, a FSRA designated person(s) may prepare proposals for the potential use of unallocated revenues.

4.2 Project funding

- 4.2.1 Annual and in-year project approvals are subject to the availability of funds. Approvals may also be dependent on internal limits or targets, and contingency planning. The total

amount of AMPs imposed and collected can vary dramatically year to year. As a result, the variability requires some flexibility in project prioritization and disbursement.

As part of the planning process the Consumer office will choose the percentage of funds retained for in-year requests. The percentage could be zero.

- Per the Regulation, FSRA may choose to hold-over all or part of the funds from one fiscal year to the next.
- Where the cost of a selected initiative(s) exceeds available Retained Revenues the initiative may be supplemented with funds from other approved sources.

4.3 Submissions process

4.3.1 Annually, in alignment with FSRA's strategic planning process, the Consumer Office will request from Finance (Controller) an up to-date status of the Retained Revenue account including year-to-date collected revenues, by sector.

4.3.2 The Consumer Office will create an annual plan for revenue distribution including:

- planned distribution by sector and total based on known objectives
- amount set aside for in-year initiatives

4.3.3 To be considered as part of the annual planning process, proposals must be submitted by a designated person (those titles of Senior Managers or higher) on or prior to the stated submission deadline unless an exemption is provided.

4.3.4 The Consumer Office will send a call-out for proposals to designated persons which will include all relevant documentation and evaluation criteria.

4.3.5 Proposals must use the FSRA Briefing Note format to explain the initiative. All submissions must demonstrate their alignment with FSRA's strategic priorities and pillars through the provided submission reference material. Plans will address the project's expected or desired outcomes, a cost breakdown, implementation timing, planned outcome(s), a high-level project plan, and expected impact to consumers or the sector.

4.3.6 Under the direction of the Chief Consumer Officer, the Consumer Office will coordinate the evaluation process and convene an evaluation committee. Committee members will review and evaluate each proposal individually using an evaluation matrix. All compliant proposals will be prioritized based on summed scores from committee members. The Chief Consumer Officer will put forth a recommended list of proposals and funding for FSRA Executive Leadership Team (ELT) for input. The Chief Executive Officer (CEO) will authorize funding for approved proposals.

The FSRA proposal sponsors will receive notification of submission acceptance/ decline/ deferment, along with the allotted funding and next steps.

In-year submissions can be made at any time through the Consumer Office. It is recommended that the designated person speak with the Director, Consumer Office to confirm the amount of available Retained Revenues and the office's plan for the moneys. With this information the designated person will decide how to proceed with the in-year submission.

Should a designated person choose to proceed, they will prepare the submission materials by an agreed upon date. The Director, Consumer Office will convene a review committee. The Chief Consumer Officer will present their recommendations to FSRA ELT for input and to the CEO for approval where appropriate.

4.3.7 Projects will go through a qualification process. To be considered for funding, FSRA will use an evaluation matrix that will include alignment with the criteria set out in the regulation (hereafter "Qualified Projects"). FSRA's prioritization principles and other considerations (e.g., alignment with FSRA's Strategic Pillars and/or Priorities, etc.) will be used to assess each proposal. Where there are more eligible proposals than there are Retained Revenues available, FSRA will use the evaluation matrix to guide prioritization. The Chief Consumer Officer may review, evaluate, and update such principles or rubrics from time to time.

4.4 Governance

4.4.1 The Director, Consumer Office will convene a review committee to review, evaluate, and prioritize all Qualified Projects. The Committee may include representatives from FSRA's Public Affairs and Finance teams. The Chief Consumer Officer will put forth recommendations for ELT input. The CEO will approval all project funding.

4.4.2 The governance policies for selection and approval of projects for Retained Revenues use is as follows:

- FSRA Finance has a designated account for the funds. The handling of these funds would comply with FSRA's fiscal management processes and FSRA's Accounts Receivable and Collections Policy. The status of the Retained Revenues account would be reported in FSRA's annual financial statements.
- Procurement of services using these funds will comply with FSRA's Procurement Policy. Spending approvals will comply with FSRA Delegation of Financial Authority.
- All Qualified Projects will be assessed by the review committee using the evaluation matrix and assigned a score.
- Where funds requested exceed the Retained Revenues available, the project(s) with the strongest alignment scores will be prioritized by the Chief Consumer Officer in their recommendation to the CEO for approval.
- The Chief Consumer Officer will propose eligible in-year projects to ELT for consideration and input.
- The Chief Consumer Officer will present project and funding recommendations for approval. Spending approvals will comply with FSRA's Delegation of Financial Authority.

4.5 Reporting

- 4.5.1 The Retained Revenue funds will be budgeted/forecasted, collected, tracked, and reported in accordance with FSRA's fiscal management policies³
- 4.5.2 Spending approvals will comply with FSRA's Delegation of Financial Authority. Projects using the Retained Revenues and unallocated funds will be described in FSRA's Annual Report including specifically:
- how much money FSRA collected from each regulated sector
 - a list of projects by sector
 - how much money from each sector/ or the total was used for each purpose
 - how aligned strategic initiatives were fulfilled or advanced with the use of these funds
 - unallocated funds

5. Effective date and future review

- 5.1 This guidance became effective on August 3, 2021, and FSRA will review this guidance no later than August 3, 2026.

6. About this Guidance

- 6.1 This document is consistent with [FSRA's Guidance Framework](#). As Approach Guidance describes FSRA's internal principles, processes and practices for supervisory action and application of Chief Executive Officer discretion. Approach Guidance may refer to compliance obligations but does not in and of itself create a compliance obligation. Visit [FSRA's Guidance Framework](#) to learn more.

³ Accounts Receivable and Collection Policy
Delegations of Financial Authority
Procurement Policy

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 4(b)i

Committee Updates—Media Advocacy: Proposed Guideline on Members' Utilization of CAFII Videos On Their Own Corporate Websites

Purpose of this Agenda Item – Update / Approval

This is an update and request for approval around a Proposed Guideline on Members' Utilization of CAFII Videos On Their Own Corporate Websites.

Background Information

CAFII member BMO Insurance is planning on posting a CAFII website video on its own site. This is a very positive development for CAFII and something which the Association has been seeking for some time. However, to ensure that there are consistent standards around posting videos on members' websites, CAFII has developed a Guideline which includes that the video must be unaltered, and must be CAFII-branded. Media Advocacy Chair Jacqlyn Marcus will speak to these criteria; and EOC members will be asked for their input, and to approve the Guideline.

Recommendation / Direction Sought – Update / Approval

This is an update and approval item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(b)(i)
May 17/22 EOC Meeting

Proposed Guidelines On Members' Utilization of CAFII Videos On Their Own Corporate Websites

CAFII develops and maintains a repository of content for the purpose of sharing valuable information about Credit Protection Insurance (CPI) and Travel Insurance products in keeping with its mission to educate the Canadian consumers on these products.

CAFII is committed to supporting its Member companies in their efforts to raise the profile and awareness of these products and welcomes the use of CAFII-developed content through their corporate marketing channels, including but not limited to website and social media.

The utilization of CAFII-developed content, particularly videos, by Member companies is an excellent way to raise the profile of the CAFII brand and generate increased awareness of it by consumers, and to encourage more visits to the CAFII website.

The following guidelines are proposed to govern Member company utilization of CAFII videos or other content across their corporate marketing channels:

Guidelines

Video

1. All CAFII content is available for sharing by Member companies on their websites and/or social channels.
2. Member Companies wishing to post content must obtain approval prior to doing so from the CAFII (Co-) Executive Director(s)
3. Video content, as publicly available on CAFII's YouTube channel, may be embedded on a Member company's website in its published form.
 - a. Video content may not be modified or altered in any way and/or without the express consent of the CAFII (Co-) Executive Director(s)
 - b. CAFII has disabled advertisements and external links from its videos to ensure security and compliance with its members' posting guidelines.
4. Raw video and/or design files will not be provided to a Member company for its use.
5. Attribution to CAFII, other than what already appears in the published videos or other content, is not required
6. A disclaimer may be added below the video or other content on the Member company's website, at the discretion of the Member company, should it wish to provide additional attribution or clarification on products.
 - a. All such disclaimers should be reviewed and approved prior to use by the CAFII (Co-) Executive Director(s). **Example:** This overview video is produced and owned by the Canadian Association of Financial Institutions in Insurance (CAFII), a non-profit industry Association. The information shown in the video is generic and not intended to describe specific coverages provided by [Member company name], or any of its credit protection insurance or travel insurance underwriters [state any relevant exclusions and/or provide any additional information]

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 4(c)i

Committee Updates—Research & Education--Implementation of Board-Approved Next Steps Re Public Release of Results of Deloitte Canada Thought Leadership Paper on Digitization of CPI: (a) Webinars for Insurance Regulators and Policy-Makers; and Allied Industry Association and CAFII Associate Representatives; (b) Posting of Executive Summary of Research Results on CAFII Website; and (c) Media Release Based on Executive Summary of Research Results

Purpose of this Agenda Item – Update

This is an update for the EOC on the next steps around the implementation of the public release of the results of the Deloitte research study on best practices in the digitization of CPI.

Background Information

CAFII is moving forward on the Board-approved public release of the results of the Deloitte Canada thought leadership paper on Digitization of CPI, including: (a) Webinars for Insurance Regulators and Policy-Makers; and Allied Industry Association and CAFII Associate Representatives; (b) Posting of Executive Summary of Research Results on CAFII Website; and (c) Media Release Based on Executive Summary of Research Results.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

2 attachments.

CONFIDENTIAL



The Canadian Association of Financial Institutions in Insurance

Digitization of CPI | Presentation Materials

cafii
The Canadian Association of
Financial Institutions in Insurance

Deloitte.

Objectives and Agenda

Objectives

- 1 *Review research background and methodology*
- 2 *Review Deloitte perspective on “Being Digital” in insurance*
- 3 *Review key takeaways from Digitization of CPI research*

Agenda

Section	Timing
Introductions	5 minutes
Report Background, Context & Approach	10 minutes
Deloitte Perspective on Digitizing CPI	30 minutes
Q&A	15 minutes

Deloitte Presenters



Melissa Carruthers

Partner,
Insurance Strategy

Role: Project Leadership



Marc Lewis

Senior Manager,
Insurance Strategy

Role: Research Lead

A grayscale photograph of a group of people in a meeting. A woman in the foreground is smiling and pointing at a document. Other people are visible in the background, looking at the same document. The image is dimmed to serve as a background for the text.

Context & Objectives

Background & Context

CAFII has engaged Deloitte to share an independent perspective on what it will take to offer 'best-in-class' digital experiences to CPI consumers in response to the evolving needs and preferences of Canadians

Background

- The Canadian Association of Financial Institutions in Insurance ("CAFII") is a not-for-profit industry association that **represents financial institution distributors and insurance company underwriters** involved in offering insurance in Canada
- CAFII is dedicated to fostering an open and flexible marketplace that is efficient and effective and **allows Canadian consumers an expanded choice** in the purchase of insurance products and services.
- In support of its mission & mandate to advance the interests of financial institutions in insurance and affiliated organizations, **CAFII regularly conducts consumer and market research** relevant to the business & offerings of its members
- Credit protection insurance (**CPI**) is a **primary focus of CAFII** as its members' common ground

Why are we here?

- Across all industries we have experienced an **accelerated shift towards digital** purchasing and servicing following the events of COVID-19, however the **insurance industry has been historically slow** at transforming its traditional business models to be more customer centric
- In March 2021, **CAFII conducted a consumer research report** aimed at understanding the impact to the preferences of Canadians in light of COVID 19 with a specific focus on CPI
- Key insights from the research report research suggests that Canadian consumers have not only become more likely, to use virtual channels for CPI and in turn have **higher expectations of their financial institutions** to provide improved multi-channel experiences
- Given the importance of CPI in providing accessible and affordable protection to Canadians, CAFII engaged Deloitte to develop an **independent research report focused on 'Digitizing CPI'** and what it will take for the CPI industry to offer 'best-in-class' digital experiences for CPI
- The objective of the report is to identify opportunities for the **CPI industry to improve the digital experience offered to CPI consumers** in response to increased expectations and advancements in digital tools and technologies
- The subsequent sections of this document outline Deloitte's research approach and its perspective on the key success factors for Digitizing CPI as a means to **help inform the CPI Industries' digital priorities for the future**

Report Approach & Research Methodology

In order to develop its perspective, Deloitte conducted a combination of primary and secondary research, including engagement with CAFII members across 14 organizations that included both underwriters¹ and distributors of CPI

Deloitte Research and Accelerators

Industry External Research

Secondary research was focused on Global insurance markets to help inform key success factors associated with leading digital insurance organizations, including the capabilities contributing to leading digital client experiences

Deloitte's Digital Maturity Model

Deloitte's Digital Maturity Model defines the key capabilities required for an organization to be digital and was used as an input in identifying the summary of functional capabilities required to enable the digitization of CPI

CAFII Members Surveyed and Interviewed



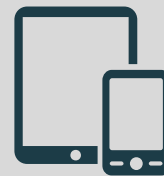
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Notes:

1) Underwriters include all CPI product manufacturers

Survey & Interview Scope

CPI Digital Maturity - Sample Questions



- What does '**Digitizing CPI**' mean to your organization and how important do you believe digitizing CPI is to the **future of CPI**?
- How would you describe the current digital **maturity of the Canadian CPI industry**? How would you rank your maturity relative to your peers & your desired future state?

Challenges & Opportunities in Digitizing CPI - Sample Questions



- What do you believe are the **primary friction points / inefficiencies** that exist within CPI operations?
- Where do you believe digitizing CPI may present an **opportunity to improve** these inefficiencies?
- What do you believe is the **biggest challenge in digitizing CPI**?

Digitizing Canadian CPI – Key Takeaways

The need to digitize and improve the end-to-end CPI client experience is becoming an imperative for CPI underwriters and distributors in order to keep pace with consumer expectations and the accelerating move to digital lending

Overall Takeaways

- 1 Digitizing CPI is a **strategic priority for Canadian financial institutions**
- 2 Relative to other insurance industries, **Canadian CPI has unique challenges with regards to its digitization**, accentuated by the multiple stakeholders involved
- 3 **The CPI digital experience** offered is **highly dependent** upon the **lending journey** (i.e., mortgages, lines of credit)
- 4 **The regulatory environment** surrounding CPI can be **perceived difficult to navigate digitally**, especially for national organizations offering CPI across provinces
- 5 **Several CPI distributors and Underwriters** have taken a **leadership position by relatively investing more in digital** over the past years
- 6 **Adoption** from representatives as well as clients **in digital experiences continues to be an inhibitor to realizing the benefits of digital investments**
- 7 **Successful digitization of CPI extends beyond client-facing experiences**, and includes back / mid-office operations
- 8 Digital experiences enabled by **automation across the value chain with partners** (e.g., underwriting, claims) were the **most cited friction points**
- 9 **Collaboration** across **Distributors, Underwriters and Regulators** will be key to **delivering “Best-in-Class” experiences**

Survey Highlights

- 100%** *Of Underwriters and Distributors indicated digitizing CPI as a strategic priority²*
- 43%** *Of members surveyed believe that up to 40% of applications will be fully digital by 2025*
- 75%** *Of CPI Underwriters and Distributors viewed alignment with lenders as a key opportunity to increase value delivered to customers²*
- 80%** *Of Underwriters identified multiple stakeholders owning various aspects of the CPI experience was the greatest challenge to digitizing CPI*
- 57%** *Of Distributors ranked their current digital maturity as being 'somewhat behind'*
- 67%** *Of respondents indicated that most back / mid-office processes remain manual despite investments*
- 86%** *Of Distributors have indicated that cross-channel integration is key for successful digital CPI experiences²*

‘Being’ a Digital Insurer

Factors Driving Digital in Insurance

Digital is at the heart of the insurance industry's most prominent and disruptive trends, enabling the industry to respond with new and innovative business models, offerings and experiences



Heightened Customer Expectations

Driven by experiences offered by other industries, consumers are expecting seamless, convenient and more personalized digital experiences from their insurers



Pressure on Back-office Operational Efficiency

Rising margin compression has insurers actively looking to implement automation and digitization to improve productivity and efficiency across their operations



Increasingly Competitive Landscape

New & non-traditional entrants with tech-enabled business models are driving new competition in the industry forcing incumbents to rethink their traditional business models



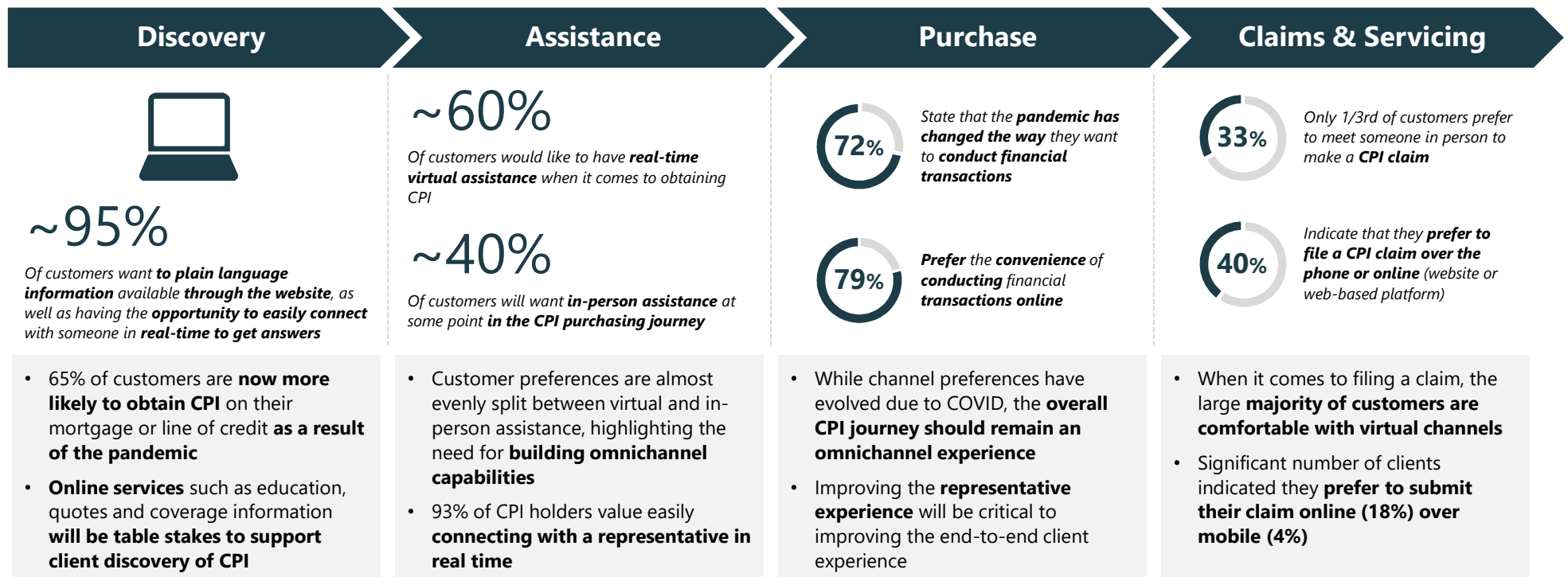
Availability and Ability to Activate Data

The increased availability of data and the use of advanced analytics to derive greater insight provides insurers an opportunity to better assess and manage personalized risks

These trends are causing insurers to **rethink and transform their experiences, offerings, operations, distribution, and enabling technologies** – all in ways that are **truly more digital and deliver more value to customers**

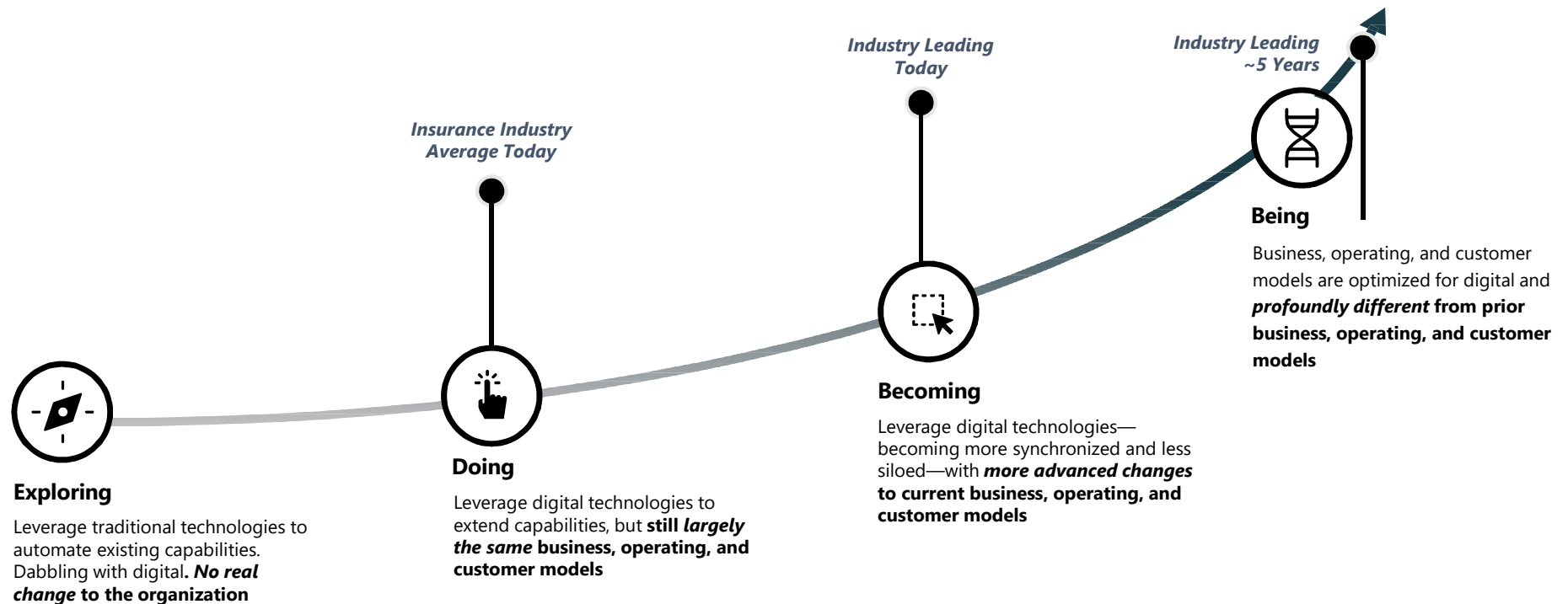
Insights From Previous CAFII Consumer Research

CAFII previously conducted consumer research in order to identify the post-COVID-19 implications to how CPI clients needs & preferences for across the journey have evolved to inform the development of a customer-centric future journey



Going From ‘Doing’ digital to ‘Being’ Digital

As a result of COVID-19, the degree of digital transformation will see a rapid acceleration across all global markets and lines of business in order to play ‘catch-up’ with other industries and better meet consumer preferences for digital experiences



Why Now?

Consumer expectations for digitally-enabled experiences, coupled with the turbulence associated with COVID-19 have presented a **turning point for accelerating digital maturity** in the industry

6 Key Attributes of 'Being' a Digital Insurer

Through our research & experience, we've observed that leading digital insurance organizations exhibit the following 6 attributes and respective underlying capabilities which contribute to offering leading digital experiences



Articulated Strategy & Digital Ambition

High performing digital organizations have a well articulated business and supporting digital strategy with clarity on the supporting customer, product and channel strategy



Sophisticated Data, Analytics & Insights

Inform business priorities, product development, and customer experiences all based on data-driven insights - allowing for hyper personalization of experiences, features, pricing and risk assessment



User Centric Digital Experiences

Highly customer-oriented in how they do business and take a human centered design approach to designing their end-to-end user journey allowing for seamless and highly personalized digital experiences



Scalable Technology Architecture

Utilize modern (e.g., cloud based, APIs) technology architecture to support flexibility, modularity and speed to market allowing for seamless integration with ecosystem partners through APIs



Hyper Focused on Operational Efficiency

Digital-enabled insurers have a commitment to relentless expense efficiency, optimizing investments in technology & data through process automation and digitization and business model innovation



Digital Talent & Culture

Digital culture, skills and ways of working (e.g., agile) are embedded throughout the organization driving a holistic culture of innovation and moving away from isolating digital as a standalone team

These **6 foundational attributes** are core to Deloitte's Framework for '**Being**' **Digital In Insurance** & will serve as the **basis for which we will identify the requirements to be a digital CPI leader in Canada**

A grayscale photograph of three people sitting on concrete steps outdoors. On the left, a woman with long hair is looking at a laptop. In the center, a woman with glasses is holding a smartphone and looking at it. On the right, a man with glasses is looking at the woman with the phone. The background shows a building with a slatted facade.

Digitizing CPI - Research Insights

Unique Considerations for Digitizing CPI

Our analysis suggests that Credit Protection Insurance has unique characteristics and an ecosystem that increase the complexity in offering a seamless digital client experience relative to other lines of insurance

What makes digitizing CPI uniquely challenging?

Evolving & Regional Regulation	Differences in the regulatory and legislative policies across provinces increase complexity related to delivering consistent and seamless experiences at scale across Canada
Group Underwriting	As CPI needs to be group underwritten, there are limitations to the ability to provide personalization in pricing, product design, and assistance relative to other individual insurance products
Strong Ties to Lending	CPI is highly connected to the lending journey, which are increasingly moving towards digital and human-assisted channels; strong collaboration is required with lending partners
Multiple Stakeholders	The client journey is owned by multiple stakeholders at varying stages of the policy lifecycle and requires significant alignment on roles, priorities and capabilities amongst underwriters & distributors
Eligibility Practices	Distributors must ensure that a customer purchasing a CPI product goes through a specific eligibility and exclusion assessment, adding steps to the purchasing journey to ensure value is delivered

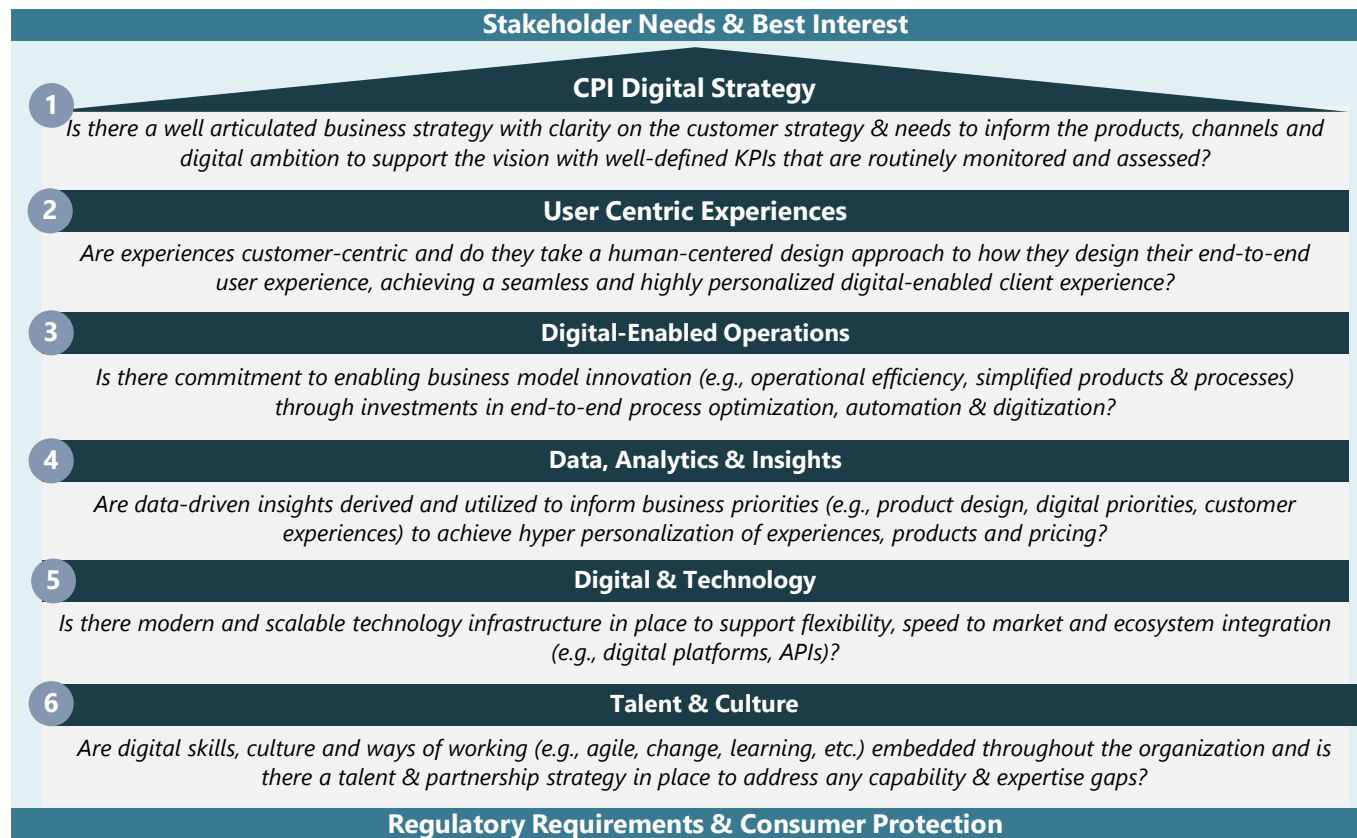
“Finding the right approach to mirror a face-to-face experience into digital channels is and will remain our biggest challenge”
- Distributor

“Traditionally products were standardized, now to meet expectations we need to be customer centric and offer a personalized experience with the best options for the customer”
- Underwriter

“In order to offer seamless experiences that don't rely on phone interactions, we need to integrate with the unique Loan Origination System (LOS) of all partners”
- Underwriter

Deloitte's Framework for Digitizing CPI

Utilizing the 6 attributes for 'Being' a digital insurer and our analysis on the Canadian CPI industry, we have defined a framework outlining our perspective on what it will take to Digitize CPI and assess the industry's current digital maturity



Key considerations across each of the **6 layers in Deloitte's Digital CPI framework** to inform a set of **distinct capabilities** that apply to CPI distributors and underwriters to deliver leading digital experiences

Decisions across layers must be **anchored in regulatory requirements** and **focus on delivering on stakeholders needs and best interest**



Future Best in Class CPI Experience

Illustrative Future Digital CPI Customer Journey

Sam is a 33-year-old Teacher looking to purchase her first home; She goes online to complete an online mortgage pre-approval and was provided relevant information for 'first time home buyers' with an option to virtually connect with Blair, a certified lending representative

1 Discovery



While completing the online mortgage application, Sam is notified she's eligible for Credit Protection and is provided with relevant 'what if' scenarios that demonstrate the value of having protection in the event something unexpected happens, along with the estimated additional cost of adding the coverage.

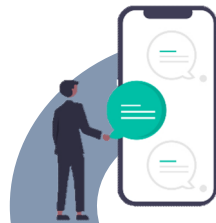
2 Quoting



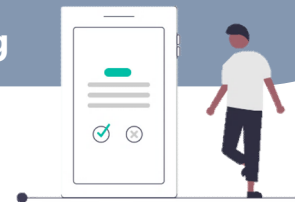
6 months later Sam and her partner are expecting a baby and want to revisit the impact of job loss or going on disability leave. Blair is notified through the representative portal that Sam wishes to discuss coverage changes

Before confirming her mortgage rate & coverage, Sam schedules a video call with Blair who is able to address her questions and shares a link for Sam to securely complete her health questionnaire online; Blair is automatically notified that Sam has completed her application and its ready for review

4 Servicing



3 Purchasing



5 Claims



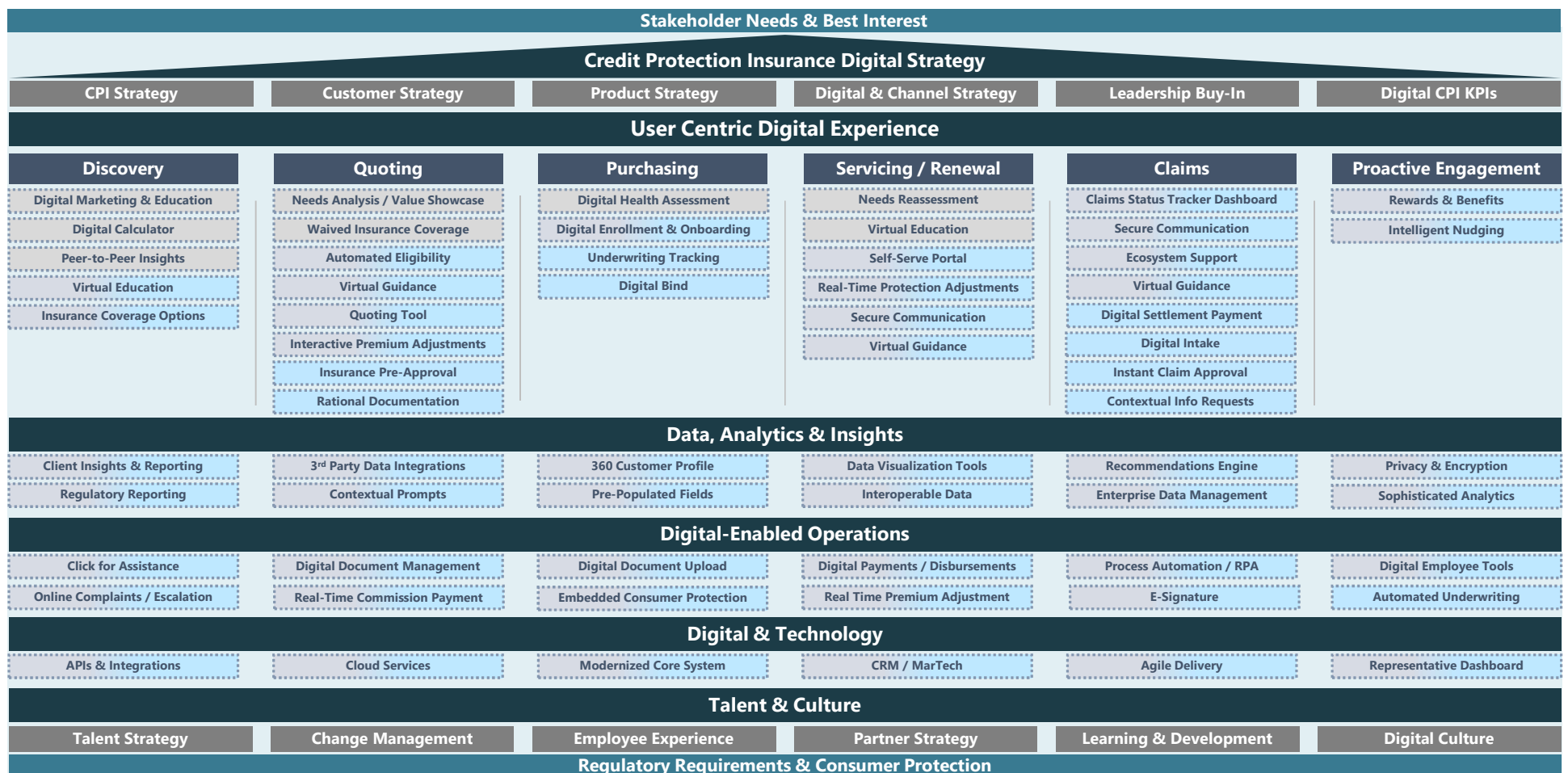
Sam is unfortunately involved in a car accident and will be unable to work for an extended period. Sam goes into her online banking to view her coverage and is able to submit her claim and upload the required documentation securely online

6 Proactive Engagement



Sam purchases a new vehicle with the use of a personal loan, and is notified of the option to add-on the same protection that is present on their mortgage on the personal loan which she selects easily online

Deloitte Digital CPI Experience Capability Model – Illustrative



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Note: 1) Capability definitions in Appendix

LEGEND

Key Success Factor

Distributor Capability

Underwriter Capability

Joint Capability



Thank You

**Any
Questions?**

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Draft 4, May 9, 2022 – For discussion only

WHAT WILL IT TAKE TO OFFER ‘BEST-IN-CLASS’ DIGITAL EXPERIENCES TO CONSUMERS OF CREDIT PROTECTION INSURANCE?

New report outlines challenges and opportunities for financial institutions in keeping pace with the evolving insurance needs and preferences of Canadians

TORONTO, May XX, 2022 – New research has found that collaboration across distributors, underwriters and regulators of Credit Protection Insurance (CPI) are key to delivering the type of “best-in-class” digital experience that Canadian consumers have increasingly come to expect.

The Deloitte Canada report (insert link to report), commissioned by the Canadian Association of Financial Institutions in Insurance (CAFII), says digitization is at the heart of the insurance industry’s most prominent and disruptive trends, which requires the industry to respond with new and innovative business models and customer experiences. The report identifies four key trends that are driving the need to transform the insurance business in ways that are truly more digital:

- Consumers expect more seamless, convenient, and personalized digital experiences from their insurers;
- There is growing competition from new entrants with tech-enabled business models;
- There are opportunities to create greater efficiency in back-office operations; and,
- The increased availability of data and use of advanced analytics has made it possible to generate greater customer insights.

In order to offer a leading digital experience, the report says that insurers will need to exhibit six attributes and underlying capabilities:

- Have a well articulated business digital strategy with clarity on the supporting customer, product, and channel strategy;
- Be highly customer-oriented in how they do business and take a human-centered design approach to their end-to-end user journey and digital experience;
- Become hyper-focused on operational efficiency, optimizing investments and data through process automation and digitization;
- Inform business priorities, product development, and customer experiences based on data-driven insights;
- Utilize modern technology architecture to support flexibility, seamless integration, and speed to market;
- Embed digital culture, skills, and ways of working throughout the organization which drive a holistic culture of innovation.

According to the report, there are unique challenges facing the CPI industry in Canada, accentuated by the multiple stakeholders involved including underwriters, distributors, and regulators. For example, the CPI digital experience is highly dependent upon the future lending journey (i.e., mortgages, loans) where most sales take place, and the regulatory environment can be difficult to navigate digitally, especially due to lack of harmonization across provinces.

-more-

Despite the challenges, the CPI industry is committed to keeping pace with client expectations, with 100% of CAFII members surveyed by Deloitte indicating that digitizing CPI is a top strategic priority for their company, and 43% saying up to 40% of their applications will be fully digital by 2025. Furthermore, distributors of CPI recognize the need for greater omni-channel alignment, with 86% stating that cross channel integration is a key for creating successful digital CPI experiences.

“While the digital expectations of insurance consumers have been evolving for a while, the pandemic was a turning point for accelerating digital maturity in the Credit Protection Insurance industry,” said Keith Martin, Co-Executive Director of the Canadian Association of Financial Institutions in Insurance (CAFII). “Consumers of CPI expect a ‘best-in-class’ digital experience, and our members are committed to working with all of our stakeholders to deliver that outcome.”

“Offering digital-enabled experiences for clients, sales representatives and employees is no longer a choice. To effectively meet the needs of CPI clients and attract or retain top talent, the distributors of CPI in Canada will need to think thoughtfully about how and where it prioritizes its digital investment in collaboration with its lending and underwriting partners,” said Melissa Carruthers, Partner and Leader of Deloitte Canada’s Life & Health Insurance Strategy & Transformation Practice.

The Deloitte report is the latest in a series of studies commissioned by CAFII over the past seven years that have looked at customer satisfaction with CPI and Travel Insurance, and how its members can keep pace with evolving consumer expectations.

Over the past decade consumers of financial services have been shifting more of their transactions to digital channels, and this trend accelerated during the pandemic. In fact, the vast majority of Canadian consumers with CPI who participated in a [Pollara Strategic Insights survey](#) last year said their experience during COVID-19 had made them more comfortable conducting financial transactions online, with most saying it had changed the way they want to conduct these transactions in future.

About CAFII: The [Canadian Association of Financial Institutions in Insurance](#) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII believes that consumers are best served when they have meaningful choice in the purchase of insurance products and services. CAFII’s 14 members include the insurance arms of Canada’s major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Life Insurance Company; along with major industry players Assurant Canada; The Canada Life Assurance Company; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

Media contact for CAFII:

David Moorcroft, Public Affairs Advisor

Email: david@strategy2communications.com

Tel: 416-727-1858

Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 4(d)i
Committee Updates—Networking & Events-- Insights Gained from May 3/22 CAFII Webinar On
“Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work
Together: A Complementary, Harmonious Fit Or ‘Dynamic Tension’ For Canada’s Insurance
Regulators?**

Purpose of this Agenda Item – Update

An update for the EOC on a recent CAFII webinar.

Background Information

CAFII held a recent webinar on Principles-Based Regulation, and its relationship with Rule-Making Authority. This is an update on insights gained from that webinar, which was attended by more than 40 insurance regulators and policy-makers.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(d)(i)
May 17/22 EOC Meeting

Having trouble viewing this email? [Click Here](#)

Reminder: You are receiving this email because you have expressed an interest in the Canadian Association of Financial Institutions in Insurance.



Making Insurance Simple and Accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens

Hello Brendan,

You're Invited!

We are pleased to invite you to attend our CAFII Webinar on;

Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or 'Dynamic Tension' For Canada's Insurance Regulators?

Tuesday, May 3, 2022
from 1:00 to 2:00 pm EDT
via Zoom Webinar

A CAFII-Moderated Panel Discussion with



Dr. Cristie Ford
Professor, Peter A. Allard School of Law,
University of British Columbia
(For capsule biography, [click here](#))



Stuart Carruthers,
Partner, Stikeman Elliott
(For capsule biography, [click here](#))

This webinar will feature two expert panelists who will address the following in a virtual Fireside Chat with moderator Keith Martin:

- What is PBR and how does it differ from rules-based regulation?;
- Where do PBR and rules-based regulation fit on the spectrum of approaches: are they polar opposites?;
- Relationship and interplay between PBR and Fair Treatment of Customers (FTC);
- Pros and cons of PBR and the rationale for favouring its deployment? (for regulators and for regulated entities);
- Does PBR foster innovation at regulated entities?;
- PBR's historical evolution both outside and within Canada;
- PBR's application/implementation in Canada in financial services generally, and in insurance specifically;
- Recent Canadian provincial and nationally-co-ordinated initiatives deploying PBR in insurance;
- The emergence of Rule-making authority at provincial insurance regulators: a complementary, harmonious fit with commitments to PBR or not so much?
 - Is the result merely increasing dis-harmonization?;
- Impacts of the intersection between PBR and regulatory Rule-making authority upon Canada's insurance industry:
 - the role of ingrained attitudes within regulators and within regulated entities;
 - the role of business culture within regulated entities;
 - the roles of Boards of Directors and senior management;
 - the roles of legal, compliance, and internal audit functions (certainty versus ambiguity);
- Relationships and dialogue between regulators and regulated entities.

[Register Here](#)

Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 4(d)ii
Committee Updates—Networking & Events--Results of Survey of CAFII Board, EOC, and Other
Committee Members For Input On Topics and Presenters/Panelists for Future CAFII Webinars and In-
Person Events**

Purpose of this Agenda Item – Update / Discussion

An update for the EOC on the results of a recent survey on possible topics and presenters for CAFII events, and to get feedback on those results.

Background Information

CAFII is holding six annual webinars and plans to hold in-person events with speakers again as soon as possible. A survey was sent to Board, EOC, and other CAFII Committee members to seek their input on possible event topics and presenters.

Recommendation / Direction Sought – Update / Discussion

This is an update item only.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 4(d)iii

Committee Updates—Networking & Events-- Plans For Fall 2022 CAFII Webinar with Lesli Martin, Vice-President, Pollara Strategic Insights, as Fireside Chat Discussant on “Consumer Preferences and Product Development Insights Emerging From Recent Research In Financial Services and Relevant Comparator Industries”

Purpose of this Agenda Item – Update

An update for the EOC on an upcoming webinar.

Background Information

CAFII is looking to hold a webinar on broad consumer trends in financial services with Lesli Martin, Vice President, Pollara Strategic Insights.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 4(e)i
Committee Updates— Travel Insurance Experts-- Issues Discussed in and Insights Gained from Recent
Meetings of Travel Insurance Experts Committee**

Purpose of this Agenda Item – Update

This is an update on meetings around travel insurance issues.

Background Information

CAFII has held meetings of the travel insurance experts Committee, and this is an update on learnings from those meetings.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 4(e)ii
Committee Updates— Travel Insurance Experts-- Insights Gained From CAFII/CLHIA/THIA Bi-Weekly
Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry**

Purpose of this Agenda Item – Update

This is an update on pan-industry Association meetings around the impact of COVID-19 upon travel and travel insurance.

Background Information

CAFII has held regular, recurring meetings with CLHIA and THIA on COVID-19 and travel insurance. This is an update on recent insights gained from those meetings.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 5(a)

Recent and Upcoming Strategic and Regulatory Initiatives-- Recent Implementation Steps Taken Following Re-Launch of CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits, To Strengthen Industry Consensus/Unity Position That Fact Sheet and Notice of Rescission Do Not Need To Be Distributed To Card Holders With Embedded Insurance Benefits At This Time

Purpose of this Agenda Item – Update / Discussion

This is an update on developments around the expectations of the AMF for credit card-embedded insurance benefits, in particular with respect to distribution of the Fact Sheet and Notice of Rescission.

Background Information

CAFII has re-launched the CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits, in order to discuss some recent issues that have arisen.

Recommendation / Direction Sought – Update / Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

3 attachments.

27 September, 2021

Mr. Éric Jacob
Superintendent, Client Services and Distribution Oversight
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c. Ms. Louise Gauthier, Senior Director, Distribution Policies
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Practices

Dear Mr. Jacob:

On behalf of our Association's Board of Directors, member companies, and ourselves, we are writing to thank you for the very productive *Get Acquainted and Dialogue Virtual Meeting* we had with you and your AMF colleagues Louise Gauthier and Mario Beaudoin on 10 September, 2021.

It was a pleasure to make your acquaintance, and we very much appreciated your sharing of your priorities as the AMF's new Superintendent, Client Services and Distribution Oversight. It is CAFII's strongly held view that regular, recurring, open, and transparent dialogue between industry Associations and regulatory authorities allows for candid sharing of information that is conducive to better regulation; and, as such, to better outcomes for consumers and the industry alike.

We want to express again CAFII's appreciation for the AMF's recent granting, at our Association's request, of a three-month deadline extension to 17 December, 2021 for the industry's compliance with the AMF's expectations around the *Regulation respecting Alternative Distribution Methods (RADM)*'s application to credit card-embedded insurance benefits.

Further, related specifically to our 10 September dialogue, CAFII and its Members want to thank you for your engaged listening and consideration; and the mutually beneficial, "finding the right balance" flexibility you demonstrated. In particular, we are very appreciative of the willingness you expressed to have the AMF work with the industry on possible modifications to the Fact Sheet and the Notice of Rescission in order to make the wording of those documents fit with the realities of credit card-embedded insurance benefits -- i.e. not inaccurate and misleading for credit card holder consumers -- and in that connection, to allow sufficient time for an AMF-led pan-industry working group process to occur towards that objective.

Coming out of our 10 September meeting, we thank you and your AMF colleagues for extending the following (our summary of what was proposed and agreed-upon):

With respect to the Regulation respecting Alternative Distribution Methods (RADM) and its application to credit card-embedded insurance benefits, the AMF will not expect affected insurers to provide the Fact Sheet and Notice of Rescission to relevant Québec credit card holders by 17 December, 2021.

Rather, affected insurers should indicate in the Action Plans which they submit to the AMF by 17 December, 2021 that, at this time, they are working through CAFII and with the AMF to find a solution for the distribution of the Fact Sheet and Notice of Rescission to relevant Québec credit card holders.

In addition, in the near future, the AMF will lead a pan-industry working group tasked with identifying mutually agreeable wording modifications to the Fact Sheet and the Notice of Rescission in order to create versions of those documents which fit the realities of credit card-embedded insurance benefits.

In that connection, CAFII is currently working with our internal stakeholders in order to be ready to make a meaningful and impactful contribution to the AMF-led pan-industry working group on the Fact Sheet and Notice of Rescission. As you may appreciate, credit card-embedded insurance benefits are a unique product set, in that the insurance coverages are embedded within separate financial products: i.e. credit cards, which are typically administered by a unit within the financial institution (FI) which is separate and distinct from the insurance distribution arm. Therefore, we are seeking out subject matter experts in our FI members' credit card businesses to ensure that we have suitable expertise available for the pan-industry working group discussions.


Éric, at our 10 September meeting, we also shared some of the highlights of the legal opinion which CAFII obtained earlier this year from Norton Rose Fulbright Corporation (NRFC) on the *RADM's* applicability to credit card-embedded insurance benefits -- along with related considerations such as the Fact Sheet and Notice of Rescission -- which we sought out in order to better understand the legal foundation and underpinnings of these matters while not altering our Association's compliance mindset. We offered to arrange for NRFC to provide you with an executive summary of relevant excerpts from its legal opinion to CAFII. You indicated that you would be pleased to receive that NRFC summary and would read it with interest.

Please find the NRFC legal opinion executive summary attached to this email.

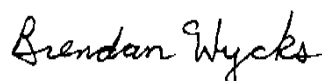
As further mentioned in our 10 September meeting, we would also be pleased to arrange for a virtual meeting in which NRFC's Marc Duquette and Dominic Dupoy could verbally highlight and elaborate upon their legal opinion findings for you and any AMF colleagues whom you would like to attend such a meeting, and answer any questions which the AMF may have. Please do not hesitate to let us know if that would be of interest.

Please accept again our sincere appreciation for your open dialogue with us and the consideration and flexibility you have offered to CAFII and the industry. We extend our personal regards to you and your colleagues.

Sincerely,



Keith Martin, Co-Executive Director, CAFII
647.460.7725



Brendan Wycks, Co-Executive Director, CAFII
647.218.8243

About CAFII

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer credit protection, travel, life, health, and property and casualty insurance across Canada. In particular, credit protection insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

Agenda Item 5(a)(2)
May 17/22 EOC Meeting

Summary Notes of a Meeting on 10 November, 2021 between CAFII (Keith Martin, Brendan Wycks) and the AMF (Mario Beaudoin, Charlene Boucher)

CAFII met with the AMF on 10 November, 2021 to discuss the next steps around the creation of a pan-industry Working Group to modify the Fact Sheet and Notice of Rescission that are expected to be shared with customers under the Regulation respecting Alternative Distribution Methods (RADM) for credit card-embedded insurance coverages.

The meeting was scheduled for 60 minutes but was extended by 15 minutes. For the first 45 minutes or so, Mr. Beaudoin spent much of the time lamenting all the various challenges in modifying the Fact Sheet and Notice of Rescission. He noted that these were prescribed in legislation, and that would be capable of being changed in the short run. He acknowledged that the RADM was a regulation developed by the AMF and that this could be changed by the AMF, but that this was not a simple process. It required internal approvals at the highest levels, and would need to also be approved by the Minister of Finance. Mr. Wycks noted that the Minister of Finance, Eric Girard, was a practical person with a lot of business experience, as was the Deputy Minister of Finance, Eric Stephenson, but Mr. Beaudoin did not comment on this.

Mr. Beaudoin also spoke about not wanting multiple versions of the Fact Sheet for travel insurance. CAFII emphasized that the modified version would be for embedded insurance benefits, and that was travel insurance but also other products like extended warranties. Mr. Beaudoin said in response to the concern that the current wording of the Fact Sheet said that a customer could not just cancel embedded insurance coverages in a credit card, but would if they did not want the insurance to cancel the card itself, that this was viewed by some of his colleagues at the AMF to suggest that the embedded coverages were “tied selling.”

CAFII explained that this was not the case, and that insurance benefits were one of many features of credit cards that were offered to enhance the value proposition of credit cards in an extremely competitive marketplace, and that insurance was not top of the list of features of credit cards that most customers focused on, which were primarily around access to credit, the cost of obtaining the card, and rewards. Furthermore, it was noted, these insurance benefits are paid for by the credit card issuer, and the customer does not pay premiums. Mr. Beaudoin did not dispute any of these points, but continued to lament the challenges changing the Fact Sheet presented him internally.

Mr. Beaudoin also said that there are other embedded coverages other than those for credit cards, and he has to navigate how any changes to credit card-embedded insurance might affect those other products, with car dealership embedded products being one example. He also cited the embedded travel insurance offered for COVID-19 by airlines as part of the ticket price, noting that initially the policies said that they did not apply to Quebec residents; both Mr. Beaudoin and Ms. Boucher did not hide their annoyance about this, which they appeared to have felt blind-sighted by.

Mr. Beaudoin noted that he was also in touch with another Association on this, and we told him that we were in close contact with THIA on these matters, and were aware that he was meeting with Richard Ollier of THIA the following day. Mr. Beaudoin said on several occasions that he was meeting with Association executives initially because he wanted to make progress and avoid bogging down in large meetings with too many people in attendance.

A repeated theme from the AMF was that the theoretical ability to change the Regulation with respect to the Fact Sheet and the Notice of Rescission for credit card-embedded insurance benefits was in practice a quite complex and difficult undertaking. Reading between the lines, it appeared that this exercise would present some discomfort and internal challenges to Mr. Beaudoin, as it would indicate that the RADM exercise, of which he was a leading AMF manager, did not contemplate the separate requirements needed for these products.

CAFII stuck to its guns around the importance of following through on the need to change the Fact Sheet and Notice of Rescission for credit card-embedded insurance benefits, and the AMF suddenly pivoted. Ms. Boucher—who had been largely silent up to this point—said that it was the law that customers had to receive a Fact Sheet and Notice of Rescission at point of sale—did CAFII members not desire to hand out these documents? To which CAFII said that for non-embedded coverages its members were already in compliance, and for embedded coverages were working towards deadlines to be compliant, including development of Product Summaries and Action Plans; and that what was desired was for the Fact Sheet and Notice of Rescission to be accurate and not misleading. Ms. Boucher then said that perhaps small revisions to the Fact Sheet might be suggested, that corrects or puts in context any misleading language, and both she and Mr. Beaudoin suggested that CAFII might consult with its members to see if that might be possible. The AMF asked if we could consult our members and get back to the AMF, potentially with proposed revisions, by mid-December, 2021.

(Another issue that was raised in the meeting was in relation to the recent CAFII submission on burden reduction. Mr. Beaudoin shared that he was aware of some of the concerns we had raised in our letter, some of which he felt were communication issues—he said that the AMF had met in French with the Quebec arm of the CLHIA, and that perhaps some of the progress on these files made had not made its way to our attention. He proposed in response to have meetings on the Distribution without a Representative regime perhaps twice a year with CAFII and its members, which we welcomed.)

(CAFII also let Mr. Beaudoin know that we were setting up a meeting with Eric Jacob to informally discuss the recent CAFII-AMF Liaison and Dialogue Meeting, and to discuss with Mr. Jacob how it could be improved in future.)

Next Steps

In Process

1. The highlights of the meeting were shared with EOC Chair Rob Dobbins and Vice Chair Karyn Kasperski on 12 November, 2021; they were concerned around the AMF not intending to convene a pan-industry Working Group with the AMF, and felt it was imperative to carefully review the Fact Sheet and Notice of Rescission with such a group and make all necessary revisions to it for credit card-embedded insurance benefits.
2. Organizing a meeting with Chris Lobbezoo (Board Chair), Peter Thompson (Board Vice Chair), Rob Dobbins (EOC Chair) and Karyn Kasperski (EOC Vice Chair and AMF Working Group Chair) to discuss the recommendation below, and discuss it including whether to adopt it or revise it.

Recommended Next Steps

3. Distribution of the Summary Note to CAFII Board, EOC, and AMF Working Group members.
4. Request to the Board (copy to EOC and AMF Working Group Members) that they nominate EOC or other members to join a *Special Pan-Industry Working Group to Propose Modifications to the Fact Sheet and Notice of Recission*.
 - a. We will ask members with credit card businesses to consider nominating credit card individuals to ensure credit card expertise.
 - b. We will suggest that members of the existing AMF Working Group (see Appendix A for membership) should join the group as well.
 - c. We will invite THIA and CLHIA to participate in the discussions of the Working Group.

Appendix A

Members of the CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits

<u>Member</u>	<u>Organization</u>
Karyn Kasperski (Chair)	RBC Insurance
Benita Chan	RBC Insurance
Yael Lipman	RBC
Susan Johnston	RBC
Penelope Cordogiannis	RBC
Trish Facciolo	RBC
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance
Anu Bains	CIBC Insurance
Marie Nadeau	BNC Insurance
Michelle Butler	Scotiabank
Sherri Kuzio	Scotiabank
Trevor Gillis	Tangerine Bank
Pete Thorn	TD Insurance
Marie Skrelji	TD Insurance
Tracey Torkopoulos	Assurant
Jennifer Russell	Assurant
Nadine Roy	Assurant
Monika Spudas	Manulife
Isabelle Choquette	Desjardins

Quebec City, April 1, 2022

By e-mail: brendan.wycks@cafii.com

Mr. Rob Dobbins
Chair, Executive Operations Committee and Board Secretary
Canadian Association of Financial Institutions in Insurance
200-411 Richmond Street E
Toronto, ON, M5A 3S5

Sir:

Client No.: 3001449692
Reference No.: 2032425050

Subject: Credit Card-Embedded / Included Insurance Benefits

This follows receipt of the December 2021 action plans from insurers active in the credit card-embedded insurance industry.

The Autorité des marchés financiers (the “AMF”) is satisfied with the timelines suggested for the implementation of the action plans. However, we wish to provide some general comments that will be useful to insurers as they implement their action plans.

- Travel insurance and debit/credit card insurance are two different products under two separate sections of the Distribution Act.

As such, we expect these products to be in separate summaries disclosed under separate DWR files. Some insurers chose to put these summaries together in one document/brochure with a table of contents. In this case, we emphasize that each summary must be easily identified, and each must meet the requirements of the *Regulation respecting Alternative Distribution Methods* (“RADM”).

- Delivery of the product summary:

Offer in person:

The AMF directs you to section 431 of the Distribution Act which stipulates that the distributor must describe the product to the client and explain to him or her the nature of the guarantee and the exclusions.

Québec
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Téléphone : 418 525-0337
Télécopieur : 418 525-9512
Numéro sans frais : 1 877 525-0337

Montréal
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Téléphone : 514 395-0337
Télécopieur : 514 873-3090

Offer by phone:

The AMF wishes to emphasize that by virtue of section 23 of the RADM, the insurer must ensure that the distributor mentions the information contained in the summary to the client.

Offer via Internet (made by the distributor):

When the distributor's offer is done through the Internet, the product summary must be delivered, not just made available, to the consumer at the time the product is offered. It must be in a format that allows it to be saved.

- We are concerned that some insurers mentioned in their action plan that the product summary could be sent via email or another electronic means when the offer is made in person. The objective is for the consumer to read the summary before he or she applies for the card, not to consult it at home afterwards. Thus, a consumer who is comfortable consulting the product summary on his or her phone could agree to receive it electronically, but the purpose of delivering this document at the time of the offer should not be circumvented.
- We remind insurers that they must disclose to the AMF the hyperlink used by distributors to offer the product over the Internet. They can use the AMF E-Services to add it.

The AMF expects insurers to comply with their submitted action plans for the delivery of product summaries and other obligations even though discussions about the notice of rescission and the fact sheet are still ongoing. Insurers that disclosed credit card-embedded insurance will be informed of the outcome of these discussions.

The AMF also requires that insurers provide us with a confirmation when the product summary deployment is completed.

Do not hesitate to contact the analyst, Ms. Charlene Boucher (charlene.boucher@lautorite.qc.ca), if you have any questions pertaining to the above.

Please note that this letter should not be construed by any insurer as a waiver by the AMF of its rights and recourses under any law or regulation for any other past, present, or future breach by insurers.

Yours truly,



Mario Beaudoin
Director, Alternative Insurance Distribution Practices

c.c. Insurers that disclosed credit card-embedded insurance products
Travel Health Insurance Association ("THIA")

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 5(b)

Recent and Upcoming Strategic and Regulatory Initiatives--Insights Gained From April 29/22 CAFII Dialogue Meeting with CLHIA Staff Executives Sarah Hobbs and Devika Prashad on In-Development CLHIA Response Submission to OSFI Consultation on “Culture Risk Management” (Submission Deadline: May 31/22)

Purpose of this Agenda Item – Update

This is an update only.

Background Information

While CAFII has determined that the OSFI consultation on “culture risk management” is out-of-scope for our Association, we are monitoring this file closely. As such, CAFII Co-Executive Director Keith Martin met on 29 April, 2022 with CLHIA’s Sarah Hobbs (Director, Policy) and Devika Prashad (Vice President and Chief Actuary) on its submission on this consultation.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 5(c)

Recent and Upcoming Strategic and Regulatory Initiatives-- Insights Gained from May 3/22 Virtual Meeting with FSRA Staff Executives Swati Agrawal and Nathan Tam Re Issues of Relevance to FSRA Board's Stakeholder Advisory Committee for the Life and Health Insurance Sector

Purpose of this Agenda Item – Update

This is an update only.

Background Information

Keith Martin met with Swati Agrawal, Director, Life and Health Insurers Conduct, FSRA, and Nathan Tam, Manager, FSRA, on 3 May, 2022 on issues of interest to CAFII in relation to its sitting on the FSRA Sectoral Advisory Committee on Life and Health Insurance. This is an update on that meeting.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(c)
May 17/22 EOC Meeting

From: Hannah Zheng <Hannah.Zheng@fsrao.ca>
Sent: April 19, 2022 3:32 PM
To: Keith Martin <Keith.Martin@cafii.com>
Cc: Swati Agrawal <Swati.Agrawal@fsrao.ca>
Subject: L&H SAC discussion availability

Hello Keith,

Thank you for your engagement with FSRA, and your participation on Board's Stakeholder Advisory Committee for the Life and Health Insurance sector (L&H SAC).

I am reaching out on behalf of Swati Agrawal (Director, Life and Health Insurers in Insurance Conduct) to book some time with you to discuss the L&H SAC, importantly:

- What are the factors or changes in the L&H sector that you are actively monitoring?
- What are your top L&H sector risks? (How are you assessing / mitigating?)
- What according to you, are L&H sector's critical success factors?

Please let us know your availability in the next 2-3 weeks and we will find a time.

Thank you.

Regards,
Hannah

Hannah Zheng
Administrative Assistant
Financial Services Regulatory Authority(FSRA)
E:Hannah.zheng@fsrao.ca
www.fsrao.ca

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 6(a)

Governance Matters—Draft Minutes of April 26/22 EOC Meeting

Purpose of this Agenda Item—*Approval*

Approval.

Background Information

The EOC is being asked to approve the draft minutes of its April 26, 2022 meeting.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

**EXECUTIVE OPERATIONS COMMITTEE VIRTUAL MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

Tuesday, April 26, 2022, 2:00-3:30pm

MINUTES

EOC Present:

Rob Dobbins	Assurant and EOC Chair
Karyn Kasperski	RBC Insurance and EOC Vice Chair
Tony Pergola	ScotiaLife Financial and Treasurer
Asma Desai	Canadian Premier Life Insurance Company
John Burns	Canadian Premier Life Insurance Company
Farhad Eslah	Canadian Tire Bank
Anuraj Bains	CIBC Insurance
Cassandra Litniansky	CUMIS/The Co-operators
Michelle Costello	CUMIS/The Co-operators
Robert Huang	CUMIS/The Co-operators
Afsheen Aslam	Manulife Financial
Katia Umutoniwase	Manulife Financial
Ivan Murray	National Bank Insurance
Fernando Heleno	RBC Insurance
Penelope Cordogiannis	RBC Insurance
Brad Kuiper	ScotiaLife Financial
Aanchal Gulia	Sun Life
Andrea Stuska	TD Insurance
Fay Coleman	TD Insurance
Fergal Murphy	TD Insurance
Moiria Gill	TD Insurance
Peter Thorn	TD Insurance
Dallas Ewen	The Canada Life Assurance Company
Jacqlyn Marcus	Valeyo
Marco DeiCont	Valeyo

Regrets:

Martin Boyle	BMO Insurance
Corrine Gagné	Canadian Tire Bank
Jonine McGregor	Canadian Tire Bank
Ben Gray	CIBC Insurance
David Self	CIBC Insurance
Esther Lee	CIBC Insurance
Almas Satwat	CUMIS/The Co-operators
Diane Quigley	CUMIS/The Co-operators
Isabelle Choquette	Desjardins Insurance
Nathalie Baron	Desjardins Insurance
Stacey Hughes-Brooks	RBC Insurance
Aneta Murphy	ScotiaLife Financial
Mindy Tarantelli	ScotiaLife Financial
Anaar Jessa	Sun Life
Edward Kuo	Sun Life

Emily Brown	Sun Life
Susanne Oleksandriw	Sun Life
Carmelina Manno	Manulife Financial
Caroline Cardinal	National Bank Insurance
Marie Nadeau	National Bank Insurance
Charles MacLean	RBC Insurance

Also Present: Brendan Wycks, *Co-Executive Director*
Keith Martin, *Co-Executive Director*
Jake Becker, *Association Coordinator*

Item 1: Welcome, Call to Order, and Priority Matters

Item 1 (a): Call to Order

EOC Chair Rob Dobbins called the meeting to order at 2:02 p.m.

Item 1 (b): Welcome to New EOC Member: Ivan Murray, National Bank Insurance

EOC Chair Rob Dobbins welcomed new EOC member Ivan Murray from National Bank Insurance. Mr. Murray introduced himself to EOC members, noting that he and colleague Marie Nadeau from National Bank Insurance looked forward to actively participating in the EOC.

Item 1 (c): CAFII Board's April 12/22 Decision Re Return to In-Person Meetings on June 7/22, But Deferral of CAFII 25th Anniversary Celebration to Fall 2022

Brendan Wycks updated the EOC on some key decisions made by the Board at its 12 April, 2022 meeting around upcoming meetings, specifically a decision to hold the Board meeting on 7 June, 2022 as a hybrid meeting, including the option to attend in-person, but not to hold a CAFII 25th Anniversary celebration immediately following that meeting. Instead, the 25th Anniversary celebration would be deferred to the fall of 2022. The Board strongly emphasized its preference to try to hold the 25th Anniversary celebration on a date that would maximize the attendance of insurance regulator and policy-maker guests, and noted that it did not have to happen on the same day as a Board meeting.

Item 1 (d): Results of EOC Member Survey Re Comfort with Return to In-Person EOC Meetings: May 17/22; June 28/22; September 20/22

Brendan Wycks updated EOC members on the results of an EOC member survey around comfort with a return to in-person meetings. The survey results showed a slight preference for returning to in-person EOC meetings at a later date, possibly starting with the September 20/22 meeting rather than the May 17/22 or June 28/22 EOC meetings.

Item 1 (e): Need for Successor CAFII Treasurer

Rob Dobbins reminded EOC members that CAFII was looking for a successor CAFII Treasurer, and he encouraged members to see if there were appropriate candidates within their organizations. Brendan Wycks noted that RBC Insurance had indicated that it may have a suitable candidate.

Item 2: Consent Items

The following Consent Items that do not require any discussion or decisions were tabled:

- a. Consultations/Submissions Timetable
- b. Regulatory Update
- c. April 4/22 CAFII Response Submission to CCIR/CISRO on “Incentives Management Guidance”
- d. Regulator and Policy-Maker Visit Plan Recap
- e. Summary of Board and EOC Action Items
- f. Board-Approved Schedule of CAFII 2022 Meetings and Events

Item 3: Financial Management Matters

Item 3 (a): CAFII Financial Statements as at March 31/22

CAFII Treasurer Tony Pergola reported that the Association’s financial statements as at March 31, 2022 showed revenues of \$249K, expenses of \$160K, for a surplus of \$89, which is a positive variance to budget of \$95K. This variance was entirely due to timing issues related to planned expenditures. The balance sheet is impacted by the collection of payments for the first installment of 2022 member dues, which revenue is amortized evenly over the 12 months of the fiscal/calendar year.

Mr. Pergola also reported that the Board had passed a resolution to close out the Association’s Restricted Fund and transfer the residual \$12,000 therein to the CAFII operating budget, something that will now be effected during the 2022 fiscal year.

Item 3 (b): Forecast For CAFII 2022 Fiscal Year as at March 31/22

Treasurer Tony Pergola reported that there are no material differences between the CAFII 2022 Fiscal Year Forecast and the 2022 operating budget at this time, although the budget has now been finalized to reflect the Board’s approval of a 4% increase to the Co-Executive Directors’ compensation.

Item 3 (c): Update on Board and Membership Approval of CAFII 2021 Audited Financial Statements

Brendan Wycks reported that the Board had approved the CAFII 2021 Audited Comparative Financial Statements and KPMG’s Auditor’s Report thereon, and it would therefore move forward for approval by the membership at the 7 June, 2022 Annual Meeting of Members.

Item 4: Committee Updates

Item 4 (a): Market Conduct & Licensing

i. Penultimate Draft of CAFII Response Submission on FSRA Consultation on Principles-Based Regulation (Submission Deadline: April 29/22)

Brad Kuiper, Chair of the Market Conduct & Licensing Committee, reported that CAFII has distributed to the EOC and the Market Conduct Committees a penultimate draft of its response submission to FSRA on its consultation on Principles-Based Regulation, which largely supports the approach that FSRA is taking while offering caution around ensuring that rules which FSRA develops under its rule-making authority are harmonized with similar rules in other jurisdictions.

ii. FSRA Consultation on Proposed “Principles of Conduct for Insurance Intermediaries” (Submission Deadline: May 3/22)

Brendan Wycks reported that CAFII has prepared a penultimate draft response submission to FSRA on its consultation on “Principles of Conduct for Insurance Intermediaries” and is about to distribute it to Market Conduct & Licensing Committee and EOC members for their review and feedback.

iii. OSFI Consultation on “Culture Risk Management”: In-Scope or Out-of-Scope For CAFII Response Submission? (Submission Deadline: May 31/22)

Keith Martin stated that unless there are culture risk management characteristics unique to credit protection insurance, this current OSFI consultation is likely out-of-scope for CAFII. It was noted that the current document actually constituted a pre-consultation by OSFI, with the formal consultation planned for the fall of 2022. CLHIA will be making a submission and CAFII will be meeting with the lead on the file there, Sarah Hobbs; and CAFII will be monitoring the file closely including the submission that the CBA makes. The EOC agreed that CAFII would not make a formal response submission on this OSFI consultation.

iv. Insurance Council of BC Consultation on “Insurance Council Rules” (which set the licence conditions and requirements for all BC insurance licensees): In-Scope or Out-of-Scope For CAFII Response Submission? (Submission Deadline: June 1/22)

Keith Martin stated that this Insurance Council of BC consultation is likely out-of-scope for CAFII. CAFII will monitor carefully developments around the Insurance Council’s intention to play a lead role in the development of a Restricted Insurance Agent licensing regime in BC, but this current consultation does not touch on that initiative and is limited to changes for individually licensed insurance representatives. The EOC agreed that this consultation is out-of-scope for CAFII.

v. FCNB Informal Joint Sounding Board Consultation With CLHIA and CAFII On Imminent Amendments to Life and Health Sections of New Brunswick Insurance Act: David Weir Request For Smaller CAFII Review/Input Group, Given Confidential/Embargoed Terms of Release

Keith Martin reported that David Weir of FCNB was at this point requiring that only a limited number of CAFII representatives have access to the two embargoed FCNB legislative policy change proposal documents – which could only be shared under a Confidentiality Undertaking – on which he was seeking feedback. As soon as that key permission and process issue was sorted out with FCNB, CAFII will be striking a special ad hoc Working Group and distributing the FCNB documents to the member representatives serving on it.

Item 4 (b): Media Advocacy

i. Completion of 2021 Website Videos and Launch of 2022 Initiatives with Operatic Agency

Jacqlyn Marcus, Chair of the Media Advocacy Committee, reported that the final website videos from 2021 are being wrapped up and should be posted soon. She also provided an overview of the 2022 website initiatives with Operatic Agency. Ms. Marcus noted that BMO Insurance was intending to post CAFII website video on its website, which was a very positive development for the Association. It has been agreed that the videos will be unaltered and branded as CAFII productions. A formal guideline document will be tabled at a future EOC meeting to provide parameters for any other members interested in pursuing a similar strategy of posting CAFII videos on their websites.

Item 4 (c): Research & Education

i. Implementation of Board-Approved Next Steps Re Public Release of Results of Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of CPI

Andrea Stuska, Chair of the Research & Education Committee, provided an overview of the resolution which the CAFII Board approved at its 12 April, 2022 meeting, authorizing public release of the results highlights of the Deloitte Canada research project on best practices in the digitization of credit protection insurance. A meeting will be held involving the Research & Education Committee and the Media Advocacy Committee, to review proposed changes to the Powerpoint presentation that was presented to the Board, which will form the basis of two separate webinar presentations: one for insurance regulators and policy-makers; and the other for representatives from allied industry Associations and CAFII Associate representatives.

Item 4 (d): Networking & Events

Marco DeiCont, Vice-Chair of the Networking & Events Committee, provided an overview of some of the recent webinars CAFII had held, along with its intention to hold further webinars over the balance of 2022.

i. Survey of EOC Members For Input On Topics and Presenters/Panelists for Future CAFII Webinars and In-Person Events

Brendan Wycks reported that CAFII is about to distribute a survey to Board, EOC, and Other Committee members asking for input on possible topics and presenters/panelists for future CAFII events.

ii. Plans for May 3/22 CAFII Webinar On “Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or ‘Dynamic Tension’ For Canada’s Insurance Regulators?”

Keith Martin provided an overview of the upcoming May 3/22 webinar on the intersection between principles-based regulation and regulatory rule-making authority, noting that this was an important topic for CAFII and its members, and that there was already a high level of regulator and policy-maker interest in this webinar based on registrations to date.

Item 4 (e): Travel Insurance Experts

i. Issues Discussed in and Insights Gained from Recent Meetings of Travel Insurance Experts Committee

Katia Umtoniwase, Chair of the Travel Insurance Experts Committee, noted that with the recent relaxation of government restrictions and advisories, there had been a significant increase in travel by Canadian consumers of late and a corresponding increase in travel insurance business across the industry.

ii. Insights Gained From CAFII/CLHIA/THIA Bi-Weekly Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry

Brendan Wycks noted that the semi-regular meetings which THIA and CLHIA had been having with Global Affairs Canada were of late only being held very infrequently; and because of that and the recent relaxation of most government restrictions on travel, there were fewer issues to discuss in the biweekly pan-industry Association meetings on the impact of COVID-19 on travel and the travel insurance industry.

Item 5: Recent and Upcoming Strategic and Regulatory Initiatives

Item 5 (a): Re-Engagement/Re-Launch of CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits To Assess Need For Reply and/or Action(s) In Response To AMF's April 1/22 Feedback Letter To The Industry On December 17/21 Action Plans

Keith Martin reported that the CAFII Working Group on compliance with the AMF's expectations re the RADM's applicability to credit card-embedded insurance benefits had recently been relaunched and held a meeting to discuss the issue around one member being informed by its insurance partner that it felt that the Fact Sheet and the Notice of Rescission should still be distributed. The Working Group members generally noted that they had communicated to the AMF that they were not intending to distribute these documents at this time, and the AMF had not expressed any concerns. There was a concern that if a member does distribute these documents, that could potentially undermine the entire industry's position, as the AMF could use it to deploy a 'lowest common denominator' approach or a 'divide and conquer' strategy. The Working Group members also felt that the meeting was a very helpful way to compare notes on technical issues around implementation of Action Plans in relation to credit card-embedded insurance benefits and the RADM, and it was agreed that another meeting would be set up for mid-June, 2022.

Item 6: Governance Matters

Item 6 (a): Draft Minutes of March 22/22 EOC Meeting

The draft minutes of the March 22, 2022 EOC meeting were approved.

Item 6 (b): Draft Minutes of April 12/22 Board Meeting

The draft minutes of the April 12, 2022 Board meeting were endorsed for presentation to the Board for approval at its next meeting.

Item 6 (c): CAFII Formal "Thank You" Recognition of 2021 Committee Chairs and Vice-Chairs; and External Body Appointees, Executed On April 1/22

Brendan Wycks reported that the recognition cards which had been sent to CAFII members around the contributions of volunteer Chairs, Vice-Chairs, and External Body Appointees had been very well-received, and would become an annual initiative. Mr. Wycks thanked Moira Gill, EOC member from TD Insurance, for recommending this initiative.

Item 6 (d): Preparation and Dissemination of CAFII 2022 Annual Meeting of Members Materials Package

Mr. Wycks reported that dissemination of CAFII's 2022 Annual Meeting of Members materials package was going to occur on or about May 11/22, well in advance of the minimum 21 days notice period required for materials distribution for an Annual or Special General Meeting (June 7/22).

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 6(b)

Governance Matters— Plans for 2022 Annual Meeting of Members and Immediately Ensuing First Meeting of 2022-23 CAFII Board of Directors on Tuesday, June 7/22, as Hybrid In-Person/Virtual MSTEams Meetings

Purpose of this Agenda Item—*Update*

This is an update item.

Background Information

The Board has determined that the 7 June, 2022 Board meeting should be held in-person, with a virtual meeting option for those who wish to attend but not in-person.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Notice of 2022 Annual Meeting of Members Canadian Association of Financial Institutions in Insurance

Notice is hereby given to all Members of the Canadian Association of Financial Institutions in Insurance that the 2022 Annual Meeting of Members will be held on a hybrid basis on Tuesday, June 7, 2022 at 2:00 p.m. EDT: in-person at a To Be Confirmed location in Toronto, Ontario; and virtually at this [Microsoft Teams link](#) to transact the following business:

1. Call to Order; Welcome; and Opening Remarks
2. Declaration of Meeting Properly Called and Constituted
3. Approval of the Agenda
4. Approval of the Minutes of the CAFII Annual Meeting of Members held June 8, 2021
5. Approval of the CAFII 2021 Audited Comparative Financial Statements and Auditor's Report Thereon (see separate KPMG document appended)
6. Appointment of Auditor
7. Special Resolution of Foundation Members (BMO Insurance; CIBC Life Insurance; National Bank Insurance; RBC Insurance Holdings; ScotiaLife Financial; and TD Life Insurance Only) to Confirm Bylaw Amendment Made by Board of Directors on June 29, 2021 (See Appendix A to Agenda)
8. Election of the following as members of the CAFII Board of Directors for 2022-2023:
 - Paul Cosgrove, Assurant
 - Peter McCarthy, Bank of Montreal, BMO Insurance
 - Rob Robinson, Canadian Premier Life Insurance Company
 - Ian Oncea, CIBC Life Insurance Company Ltd.
 - Kelly Tryon, CUMIS
 - Simon Lacroix-Hubert, Desjardins Insurance
 - Wally Thompson, Manulife
 - Peter Thompson, National Bank Insurance
 - Chris Lobbezoo, RBC Insurance Holdings Inc.
 - Zack Fuerstenberg, ScotiaLife Financial
 - Sophie Ouellet, Sun Life
 - Atanaska Novakova, TD Life Insurance Company
 - Louie Georgakis, The Canada Life Assurance Company
 - Nicole Benson, Valeyo
 - Adam Vespi, Canadian Tire Bank
9. Approval of Decisions and Actions of the Corporation
10. Transaction of Such Other Business as May Properly Be Brought Before the Meeting
11. Termination

Members are entitled to vote by proxy at the Annual Meeting of Members. A written proxy must be received at the CAFII office by email (jake.becker@cafii.com) before 2 p.m. on **Friday, June 3, 2022** in order to be valid at this meeting. The Annual Meeting of Members is expected to last approximately 15 minutes. The first meeting of the 2022-2023 CAFII Board of Directors will begin immediately thereafter.

Dated this 11th day of May 2022
Rob Dobbins, CAFII Board Secretary

CAFII 2022 Annual Meeting of Members

Date: Tuesday June 7, 2022

2:00 p.m. EDT

Location: To Be Confirmed location in Toronto, Ontario

[Virtual MTeams Meeting](#)

Dial-In: 437-703-4263; Phone Conference ID: 965 295 258#

AGENDA

1. Call to Order; Welcome; and Opening Remarks
2. Declaration of Meeting Properly Called and Constituted
3. Approval of the Agenda
4. Approval of the Minutes of the CAFII Annual Meeting of Members held June 8, 2021
5. Approval of the CAFII 2021 Audited Comparative Financial Statements and Auditor's Report Thereon (see separate KPMG document appended)
6. Appointment of Auditor
7. Special Resolution of Foundation Members (BMO Insurance; CIBC Life Insurance; National Bank Insurance; RBC Insurance Holdings; ScotiaLife Financial; and TD Life Insurance Only) to Confirm Bylaw Amendment Made by Board of Directors on June 29, 2021 (See Appendix A, page 3)
 - Election of the following as members of the CAFII Board of Directors for 2022-2023:
 - Paul Cosgrove, Assurant
 - Peter McCarthy, Bank of Montreal, BMO Insurance
 - Rob Robinson, Canadian Premier Life Insurance Company
 - Ian Oncea, CIBC Life Insurance Company Ltd.
 - Kelly Tryon, CUMIS
 - Simon Lacroix-Hubert, Desjardins Insurance
 - Wally Thompson, Manulife
 - Peter Thompson, National Bank Insurance
 - Chris Lobbezoo, RBC Insurance Holdings Inc.
 - Zack Fuerstenberg, ScotiaLife Financial
 - Sophie Ouellet, Sun Life
 - Atanaska, TD Life Insurance Company
 - Louie Georgakis, The Canada Life Assurance Company
 - Nicole Benson, Valeyo
 - Adam Vespi, Canadian Tire Bank
8. Approval of Decisions and Actions of the Corporation
9. Transaction of Such Other Business as May Properly Be Brought Before the Meeting
10. Termination

At its meeting on June 29, 2021, the CAFII Board of Directors passed the following Resolution:

That clause 5.14 below be added to By-Law No. 1 of the Canadian Association of Financial Institutions in Insurance (CAFII)

5.14 Voting By Electronic Means, Outside Of A Board Meeting

At the discretion of the board chair – or in his/her absence, the board vice-chair – and in lieu of 5.13, a resolution in writing may be proposed to the directors via electronic means, outside of a properly constituted board meeting, for approval via electronic means. Where this option is exercised, a simple affirmative vote response by a director shall suffice and be as valid as if it had been cast at a board meeting. A two-thirds majority vote of all directors entitled to vote shall be required for approval of the resolution -- absent any vote against the resolution by a director entitled to vote, the occurrence of which shall void the voting on the resolution by electronic means, outside of a board meeting. Voting by electronic means outside of a board meeting shall be reserved for matters of particular time-sensitivity and urgency. A copy of every such resolution in writing proposed to directors for voting by electronic means, outside of a board meeting shall be kept with the minutes of the proceedings of the board or committee of directors.

Now, in keeping with clause 13.1 Bylaws, Amendment or Repeal of CAFII By-Law No. 1, which reads as follows:

“the Directors may, by resolution, make, amend or repeal any by-law that regulates the activities or affairs of the Corporation. Subject to the Act (i.e. the Canada Non-Profit Corporations Act) and the articles, any such by-law, amendment or repeal shall be effective from the date of the resolution of Directors until the next meeting of members where it may be confirmed, rejected or amended by the Foundation Members by Special Resolution.”

it is necessary for CAFII’s Foundation Members (BMO Insurance; CIBC Life Insurance; National Bank Insurance; RBC Insurance Holdings; Scotiabank Financial; and TD Life Insurance Only) to pass a Special Resolution to confirm the By-Law amendment passed by the Board of Directors on June 29, 2021.

**MINUTES OF THE ANNUAL MEETING OF MEMBERS OF
THE CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
TELECONFERENCE ONLY
June 8, 2021**

1. Welcome

The meeting commenced with Chris Lobbezoo, Board Chair, welcoming all CAFII Member representatives in attendance, as well as special guest Hudson Lopez from KPMG LLP, CAFII's external auditor.

2. Call to Order

The meeting was called to order at 2:02 p.m. Chris Lobbezoo acted as Chair; Rob Dobbins acted as Secretary; and Lyn Wallington acted as Recording Secretary. The Secretary confirmed that eleven (11) of fourteen (14) Members were present on the MS Teams call.

3. Declaration of Meeting Properly Called and Constituted

Secretary Rob Dobbins confirmed that Notice of this Annual Meeting had been duly communicated to Members, via electronic mail, within the notice period specified in the Association's By-law; and that a quorum of Members was present. Chair Chris Lobbezoo therefore declared that this Annual Meeting of Members of the Canadian Association of Financial Institutions in Insurance properly called and duly constituted for the transaction of business.

4. Approval of the Agenda

On a motion duly made by Nicole Benson, seconded by Sophie Ouellet, and unanimously carried

IT WAS RESOLVED that

The agenda be approved as presented.

5. **Approval of the Minutes of the Annual Meeting Held June 9, 2020**

The minutes of the Annual Meeting of Members held June 9, 2020 had been circulated to Members. Chair Chris Lobbezoo asked if there were any amendments, additions or deletions to the minutes.

On a motion duly made by Louie Georgakis, seconded by Kelly Tryon, and unanimously carried

IT WAS RESOLVED that

The minutes of the Annual Meeting of Members held June 9, 2020 be and are hereby adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.

6. **Approval of 2020 Audited Comparative Financial Statements and Auditor's Report Thereon**

CAFII's audited comparative financial statements and auditor's report thereon for the year ended December 31, 2020 had been approved at the Board of Directors' meeting on April 13, 2021; and then made available at this meeting today

Hudson Lopez, partner with auditor KPMG, reported on the Corporation's comparative financial statements for fiscal year ended December 31, 2020 and the auditor's report thereon.

On a motion duly made by Peter Thompson, seconded by Rob Robinson, and unanimously carried

IT WAS RESOLVED that

The Members of the Corporation approve the Corporation's audited comparative financial statements for the year ended December 31, 2020, together with the report of the auditors thereon.

7. **Appointment of Auditor**

On a motion duly made by Janice Farrell-Jones, seconded by Mica Sweet, and unanimously carried

IT WAS RESOLVED that

The Members of the Corporation appoint KPMG as auditor of the Corporation for the ensuing year or until a successor is appointed, at such remuneration as shall be fixed by the Directors of the Corporation.

8. **Special Resolution of Foundation Members to Confirm Bylaw Amendment Made by Board of Directors on December 1, 2020**

The Foundation Members of the Corporation moved to confirm the amendment passed by the Board of Directors on December 1, 2020 – in which the words “must be appointed from a Foundation Member organization and” were struck from the final sentence of clause 7.2(d) of By-Law No.1 of the Canadian Association of Financial Institutions in Insurance -- such that that sentence now reads as follows: “The Secretary will also serve as the chair of the Executive Operations Committee (EOC).”

On a motion duly made, seconded by Peter Thompson, and unanimously carried

IT WAS RESOLVED that

The Members of the Corporation approve the By-Law Amendment passed by the Board on December 1, 2020.

9. **Election of Directors**

On a motion duly made by Zack Fuerstenberg, seconded by Kelly Tryon, and unanimously carried

IT WAS RESOLVED that

The following individuals be elected as Directors of the Corporation for a one-year term, concluding with the 2022 Annual Meeting of Members:

- Paul Cosgrove, Assurant Canada
- Peter McCarthy, Bank of Montreal, BMO Insurance
- Rob Robinson, Canadian Premier Life Insurance Company
- Mica Sweet, CIBC Life Insurance Company Limited
- Kelly Tryon, CUMIS Services Incorporated
- Chantal Gagne, Desjardins Insurance
- Wally Thompson, Manulife
- Peter Thompson, National Bank Insurance
- Chris Lobbezoo, RBC Insurance Holdings Inc.
- Zack Fuerstenberg, ScotiaLife Financial
- Sophie Ouellet, Sun Life
- Janice Farrell Jones, TD Life Insurance Company
- Louie Georgakis, The Canada Life Assurance Company; and
- Nicole Benson, Valeyo

10. **Approval of Decisions and Actions of the Corporation**

On a motion duly made by Wallace Thompson, seconded by Sophie Ouellet, and unanimously carried

IT WAS RESOLVED that

The Members of the Corporation approve, ratify, sanction and confirm all by-laws, resolutions, terms of reference, rules and regulations, contracts, acts and proceedings of the Board of Directors, Members, and Officers of the Corporation enacted, passed, made, done or taken since June 9, 2020, as the same are set forth or referred to in the minutes of the Corporation or in the financial statements submitted to Members of the Corporation as of this date.

11. **Motion to Terminate**

On a motion duly made by Mica Sweet, seconded by Janice Farrell-Jones, and unanimously carried

IT WAS RESOLVED that

This Annual Meeting of Members of the Canadian Association of Financial Institutions in Insurance be terminated at 2:15 p.m.

Date

Chair

**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
L'ASSOCIATION CANADIENNE DES INSTITUTIONS FINANCIÈRES EN ASSURANCE**

(the "Corporation")

PROXY

I appoint Chris Lobbezoo, Board Chair, or failing him, _____, an officer or employee of my CAFII member company, as my proxy holder, with power of substitution, to attend the Annual Meeting of Members of the Corporation to be held in-person and virtually via Microsoft Teams on Tuesday, June 7, 2022 at 2:00 p.m. EDT, and any and all adjournments of the meeting, and to vote on my behalf, as follows:

Approval of the Agenda

FOR	AGAINST

Approval of the Minutes of the Annual Meeting of Members held June 8, 2021

FOR	AGAINST

Approval of CAFII's 2021 Audited Comparative Financial Statements and Auditor's Report Thereon

FOR	AGAINST

Appointment of Auditor

FOR	AGAINST

Special Resolution of Foundation Members (BMO Insurance; CIBC Life Insurance; National Bank Insurance; RBC Insurance Holdings; ScotiaLife Financial; and TD Life Insurance Only) to Confirm Bylaw Amendment Made by Board of Directors on June 29, 2021

FOR	AGAINST

Election as a member of Board of Directors for 2022-2023:

- Paul Cosgrove, Assurant
- Peter McCarthy, Bank of Montreal, BMO Insurance
- Rob Robinson, Canadian Premier Life Insurance Company
- Ian Oncea, CIBC Life Insurance Company Ltd.
- Kelly Tryon, CUMIS
- Simon Lacroix-Hubert, Desjardins Insurance
- Wally Thompson, Manulife
- Peter Thompson, National Bank Insurance
- Chris Lobbezoo, RBC Insurance Holdings Inc.
- Zack Fuerstenberg, ScotiaLife Financial
- Sophie Ouellet, Sun Life
- Atanaska Novakova, TD Life Insurance Company
- Louie Georgakis, The Canada Life Assurance Company
- Nicole Benson, Valeyo
- Adam Vespi, Canadian Tire Bank

FOR	AGAINST

This proxy will be voted as indicated above. If no choice is indicated with respect to the above matters, the proxy will be voted FOR the sanction of the resolution. My proxy holder has discretionary authority with respect to amendments to the matters set out above and any other matters that properly come before the meeting or any adjournment of the meeting. I ratify all actions my proxy holder may take under this proxy.

Dated this _____ day of _____, 2022

Name of Member (please print)

Signature of Member

Members voting by proxy must complete the proxy form and return it by email or fax to:

CAFII Office: Email: jake.becker@cafii.com

Proxies must be received by **2:00 p.m. on Friday, June 3, 2022**

Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 6(c)
Governance Matters-- Plans for Return to In-Person EOC Meetings on September 20/22, Including
Possible EOC Annual Appreciation Dinner That Evening At Downtown Toronto Restaurant**

Purpose of this Agenda Item – Update/Discussion

This is an update and discussion.

Background Information

This is an update on a possible in-person EOC meeting on Tuesday, September 20, 2022; and an Annual EOC Appreciation Dinner immediately following that meeting on the same evening, to obtain feedback on comfort with those plans.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting 17 May, 2022—Agenda Item 6(d)
Governance Matters-- Progress In Identifying A Fall 2022 Date For CAFII 25th Anniversary Celebration,
When Insurance Regulators and Policy-Makers Will Be In Toronto**

Purpose of this Agenda Item – Update

This is an update item only.

Background Information

This is an update on efforts to find a date for a CAFII 25th Anniversary in-person Celebration, on which insurance regulators and policy-makers from across Canada will be in Toronto and able to accept an invitation to attend the anniversary celebration.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 7(a)

Read Only Items-- Summary of Insights/Intelligence Gathered From 2022 CLHIA Compliance and Consumer Complaints Virtual Conference, May 4-5/22

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

CAFII has produced a summary report on the 2022 CLHIA Compliance and Consumer Complaints Virtual Conference, which was held on 4-5 May.

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(a)
May 17/22 EOC Meeting

CAFII Summary Notes

2022 CLHIA
Compliance and Consumer Complaints Conference,
4-5 May, 2022

Virtual Conference

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Contents

CLHIA Conference--Overview and Approach	4
4 May 2021	4
Opening Comments	4
Mary Moffett, Chief Compliance Officer Canada, Swiss Reinsurance Company and Co-Chair of Conference	4
Tone at the Top.....	4
Alexis Gerbeau, Head of Manuvie Quebec and Head of Finance, Individual Insurance, Canada	4
Update from the Canadian Council of Insurance Regulators (CCIR).....	5
Robert A. Bradley, Superintendent of Insurance, Financial and Consumer Services Division, Department of Justice & Public Safety, PEI and Chair, CCIR	5
Illustration 1: Questions Posted by Attendees for CCIR Chair Robert Bradley, With Number of Votes Received	6
OLHI Update	7
Glenn O'Farrell, Chief Executive Officer and Ombudsman, OmbudService for Life and Health	7
Stéphanie Robillard, Acting Senior Deputy Ombudsman, OmbdService for Life and Health	7
Tim Wilson Head, Public Education and Strategic Planning, OmbudService for Life and Health.....	7
Illustration 2: Example of Public-Facing Materials OLHI is Using to Promote Awareness of its Services	7
Illustration 3: Questions Posed by Attendees for OLHI Ranked by Votes Received	8
Regulatory Perspectives From Across Canada.....	9
Angela Mazerolle, Superintendent of Pensions and Insurance, Financial and Consumer Services Commission, FCNB.....	9
Chris Carter, VP and Deputy Superintendent, Market Conduct, BC Financial Services Authority (BCFSA)..	9
Louise Gauthier, Directrice principale, Autorité des marchés financiers (AMF)	9
Moderator: Jill McCutcheon, Partner, Torys	9
Illustration 4: Questions Posed by Attendees of Regulatory Panel Ranked by Votes Received	12
New Regulations and Bills and how they come to be	12
Hartley Lefton, Partner, McCarthy Tétrault LLP	12
Chief Compliance Officers Panel.....	13
Matthew Onyeaju, Vice President & Chief Compliance Officer, Sun Life of Canada	13
Mylène Sabourin, Chief Compliance Officer and Chief Anti-Money Laundering and Anti-Tax Evasion Officer, Desjardins	13
Moderator: Nancy Carroll, Partner, McCarthy Tétrault	13
Illustration 5: Questions Posed by Attendees of the Regulatory Panel Ranked by Votes Received	16
Privacy Update.....	17
Marie-Eve Jean, Associate, McMillan	17
6 May 2021	17

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Opening Comments from Your Conference Co-Chair.....	17
Pierre-Alexandra Archer, Legal Counsel, Industrial Alliance	17
Trends in Complaints and Dispute Resolution.....	18
Nathalie Barbosa, Director, Client Advocacy, Sun Life Assurance Company of Canada	18
Valerie Howes, AVP, Special Investigations Unit & Consumer Complaints, Foresters Financial.....	18
Moderator: Valerie Robb, Initiatives Manager & Ombudsman, Empire Life	18
CLHIA Priorities	18
Stephen Frank, President and CEO, Canadian Life and Health Insurance Association.....	18
Compliance Talent: Defining the compliance officer of the future	19
Mary Moffett, Chief Compliance Officer (Canada), Swiss Reinsurance Company Ltd.	19
Jane Birnie, Head of Compliance Shared Services, Manulife	19
Norm Leblond, Vice President, Chief Underwriter & Claims Risk Officer, Sun Life	19
Moderator: Meaghan Obee Tower, Partner, Stikeman Elliott LLP	19
Illustration 6: Questions Posed by Attendees of the Compliance Officer of the Future Panel Ranked by Votes Received	21
Equitable Access to Mentorship and Sponsorship	22
Maira Stewart, Head, Legal Ops , and Strategic Initiatives, Stikeman Elliott	22
Natasha Bhimji, Director	22
Illustration 7: Features of a Resilient Team.....	22
Illustration 8—Features of a Resilient Team (Continued)	22
Illustration 9—Mentorship-Sponsorship Spectrum	23
Illustration 10—Sponsorship of Groups in Large Companies.....	23
Illustration 11—Building Effective Programs	24
Illustration 12—Building Effective Programs (Continued).	24
Illustration 13—Building Effective Programs (Continued).	25
Illustration 14--Case Study—Summer Work Allocation Pilot Project.....	25
Illustration 15--Case Study—Summer Work Allocation Pilot Project.....	26
Provincial Insurance Councils Panel Oversight Models	26
April Stadnek, Executive Director, Insurance Councils of Saskatchewan	26
Janet Sinclair, Chief Executive Officer, Insurance Council of British Columbia	26
Joanne Abram, Chief Executive Officer, Alberta Insurance Council	26
Moderator: Dylan Friedman, Vice President, Chief Client Officer, Apexa.....	26
Illustration 16—The Provincial Insurance Councils Panel	28
Illustration 17: Questions Posed by Attendees of the Regulatory Panel Ranked by Votes Received	28

CLHIA Conference--Overview and Approach

The 4-5 May, 2022 CLHIA Compliance and Consumer Complaints Conference included many presentations that are relevant to CAFII members. Not all presentations are summarized here, only those of CAFII-member relevance.

Copies of presentations made are available at the following link:

[2022 CLHIA Compliance and Consumer Complaints Online Conference Event Space \(eventmobi.com\)](https://eventmobi.com)

4 May 2021

Opening Comments

Mary Moffett, Chief Compliance Officer Canada, Swiss Reinsurance Company and Co-Chair of Conference

Mary Moffett, Chief Compliance Officer Canada, Swiss Reinsurance Company welcomed participants to the 2022 CLHIA Compliance and Consumer Complaints Conference. She noted that the organizers wanted to hold the meeting in person, but it was not possible due to COVID-19 and the Omicron variant.

The theme for this year's conference is: "Post-COVID New World: Charting the Chart Ahead." This will include how organizations can adjust to a new hybrid work model.

Tone at the Top

Alexis Gerbeau, Head of Manuvie Quebec and Head of Finance, Individual Insurance, Canada

Mr. Gerbeau said that this was another year with monumental events, from the pandemic, to economic turmoil, to the war in Ukraine. He said that the world is slowly returning to normal from the pandemic, but that it has changed habits including work expectations and some of those changes will be permanent. There is a real issue of "change fatigue" and a need for people to look after their mental health. Manulife has developed new programs to try to help employees deal with stress and mental health.

A global Accenture 2021 research study found that 83% of respondents wanted a hybrid work model post-pandemic. Manulife is currently utilizing a three-days in the office, up to two-days at home model. Another change due to the pandemic is a change in the expectations of customers, including the ongoing need to invest in digital capabilities. Mr. Gerbeau noted that as an insurer Manulife is seeing the impact of the pandemic on delayed diagnoses or surgeries. Canadian life expectancy has declined back to 2013 levels, and may not return to recent higher levels for some time. He added that 10-50% of people who have contracted COVID will develop long COVID, even if they had mild symptoms when they first contracted the virus.

The economy has performed well in 2022, but that is resulting in a rising interest rate environment, and interest rates could reach 2-2.5% by the end of the year. This will have a detrimental impact on indebted consumers. Geopolitical developments have added to the complexity of the economic environment.

Update from the Canadian Council of Insurance Regulators (CCIR)

Robert A. Bradley, Superintendent of Insurance, Financial and Consumer Services Division, Department of Justice & Public Safety, PEI and Chair, CCIR

Mr. Bradley was introduced by Stikeman Elliott partner Stuart Carruthers. Mr. Bradley mentioned many files the CCIR is focused on, including the fair treatment of customers. He said that the CCIR is committed to getting provincial regulators to work together on common themes. The CCIR Executive Committee sets the priorities for the organization, and consists of the Chair and three Vice-Chairs. He said that because insurance is the exclusive jurisdiction of provinces, it is important for the CCIR to provide coordination and harmonization between the provinces.

Quite a bit of Mr. Bradley's formal presentation was concentrated on segregated funds initiatives by CCIR.

Mr. Bradley said fair treatment of customers was just as important as prudential oversight. He said the IIAS ICP-19 was the foundation of FTC, and that FTC was a key priority of the CCIR and CISRO. He also spoke to the different components of the FTC Guidance, and the ongoing consultations with industry on the Guidance, noting that in future there will be further consultations on deeper dives on elements of the Guidance.

There was reference to the Annual Market Conduct Survey, which will over time allow CCIR to become more of a data-driven organization. Mr. Bradley noted that recent survey results found that there are increasing levels of insurance sales due to the pandemic.

He also referenced the recent report on observations of CCIR around FTC implementation. Most insurers do imbed FTC in their operations, and many have clear and established FTC policies. However, there is room for improvement when it comes to defining FTC roles. Incentive structures could also be better aligned with FTC rather than sales, and there could be improvements in compensation systems.

Mr. Bradley noted that individual provincial regulators may also publish clarifications of their FTC expectations.

Keith Martin anonymously asked the following question, which received the most number of votes of questions posed and as such was moved to the top of the queue of questions posed:

There has been over the past six months an unprecedented number of regulatory initiatives from provincial regulators, that have required insurance stakeholders to provide regulatory responses. Can the CCIR play a role in coordinating regulatory consultations from provinces so that they are not "bunched up" all at once and are spread out more?

In response to this question, Mr. Bradley said that this is something that the CCIR could do better and something that they will look at again.

Mr. Bradley was also asked about the CCIR Annual Market Conduct Survey and the key findings of it, and he gave a very general answer saying that it provided an overall view of the industry and changes within it. He was asked what he viewed as the most important principles of FTC, and he said in response that the CCIR needed to be aligned with IIAS ICP-19.

Illustration 1: Questions Posted by Attendees for CCIR Chair Robert Bradley, With Number of Votes Received

Chat	Q&A
There has been over the past six months an unprecedented number of regulatory initiatives from provincial regulators, that have required insurance stakeholders to provide regulatory responses. Can the CCIR play a role in coordinating regulatory consultations from provinces so that they are not "bunched up" all at once and are spread out more?	
	↑ 34
What are some of the key findings of the CCIR market conduct survey and what plans does CCIR have to make use of it?	
	↑ 28
What do you think are the most important principles of FTC?	
	↑ 16
What is the overall goal for segregated funds reform? Is harmonization with mutual funds the goal?	
	↑ 13
Are there any international developments we should be aware of?	
	↑ 11
With various provincial initiatives on MGA oversight, is the CCIR looking at a more coordinated approach?	
	↑ 10
What are some Post pandemic new things to look out for? Are you still working remotely	
	↑ 9

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

OLHI Update

Glenn O'Farrell, Chief Executive Officer and Ombudsman, OmbudService for Life and Health

Stéphanie Robillard, Acting Senior Deputy Ombudsman, OmbudService for Life and Health

Tim Wilson Head, Public Education and Strategic Planning, OmbudService for Life and Health

Tim Wilson said that today's presentation would be on OLHI's public education strategy. OLHI wants the public to know that its services are free and timely, and it is using videos among other approaches to share some of these features. Communications and public education are now viewed as central to OLHI's mandate, so that consumers know that it has the option of using its services as an alternative dispute resolution organization. OLHI also piggybacks on specific initiatives such as promoting its services in November during Financial Literacy Month.

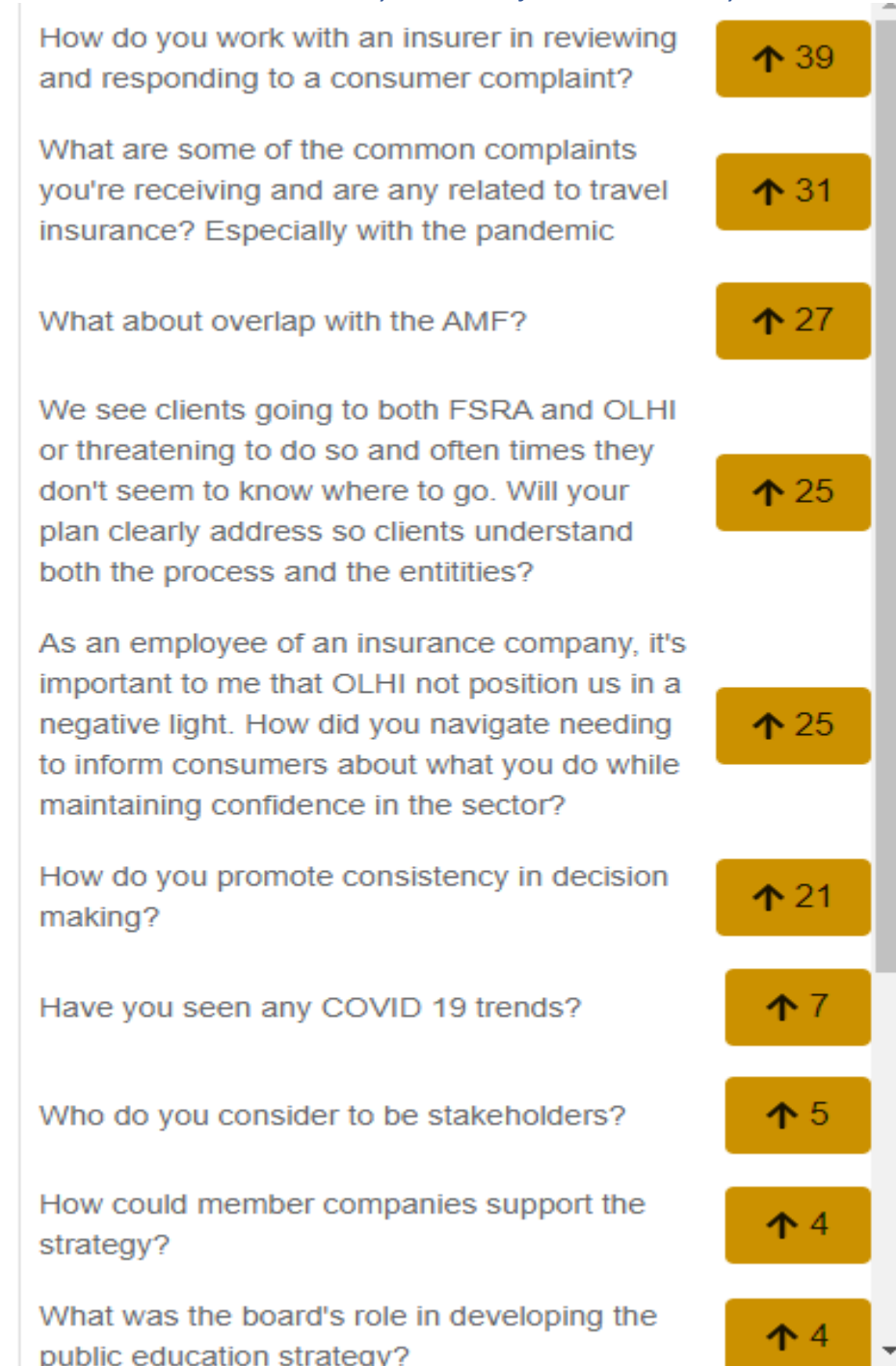
Illustration 2: Example of Public-Facing Materials OLHI is Using to Promote Awareness of its Services



A question was asked about how OLHI works with an insurer to review and respond to a consumer complaint, and the operational element was reviewed with an emphasis on the information gathering element. It was also noted that OLHI is not advocating for or against the insurer, and is impartial and independent.

In terms of issues raised by consumers, travel insurance and extended health care complaints increased in 2021. The key area of consumer complaints around claims was around refunds for the cancellation of trips, and particularly the use of vouchers by companies for cancellations, instead of refunds.

Illustration 3: Questions Posed by Attendees for OLHI Ranked by Votes Received



Regulatory Perspectives From Across Canada

Angela Mazerolle, Superintendent of Pensions and Insurance, Financial and Consumer Services Commission, FCNB

Chris Carter, VP and Deputy Superintendent, Market Conduct, BC Financial Services Authority (BCFSA)

Louise Gauthier, Directrice principale, Autorité des marchés financiers (AMF)

Moderator: Jill McCutcheon, Partner, Torys

Chris Carter was asked what keeps him up at night, and he said there are a lot of issues that are concerns including advancing the fair treatment of consumers, climate change, and natural catastrophes.

Angela Mazerolle said that fair treatment of customers is a key priority for her as well, along with the revisions to the New Brunswick Insurance Act. Louise Gauthier said that climate change is on the AMF's radar, along with the fair treatment of customers. There are also risks that may have developed due to the pandemic and these will need to be closely monitored. There are also operational risks related to information technology that could become bigger issues. Ms. Gauthier said that there were still concerns about complex products offered by insurers, and ensuring that there is full transparency about these to the customer; she specifically referenced the report issued by the AMF on critical illness insurance.

The issue of intermediaries was raised, and Ms. Gauthier said that the Distribution Act requires insurers to be responsible for the behaviour and oversight of intermediaries. The AMF encourages MGAs to develop tools to ensure that they are meeting their market conduct requirements. Ms. Mazerolle said that New Brunswick has as part of its Insurance Act rewrite new provisions to deal with improved approaches to intermediaries. Chris Carter said that in BC the different regulatory bodies are aligned and working together to deal with insurers and the intermediaries. The insurer has to be accountable, however, for the fair treatment of customers across the entire life cycle of products. Insurers and intermediaries need to be working closely together to ensure that they are coordinated around the fair treatment of customers.

CCIR and the issue of harmonization was raised and whether this was still a priority for the CCIR. With all the jurisdictions that have rule-making authority there is, Ms. McCutcheon said, the potential for rules to differ from one province to another. Ms. Mazerolle responded that CCIR is a good forum for promoting more harmonization, and that rules allow for greater harmonization by allowing jurisdictions to respond quickly to emerging issues. She did not feel that rule-making authority was the cause of a lack of harmonization, and that the pressure to develop different approaches was more the product of each jurisdiction having different priorities. Rules are easier to develop than a legislative approach, she said, and this could make it easier to develop more harmonization. Chris Carter said that the source of a non-harmonized situation was the outcome of a constitutional reality; this he said was a fundamental reality.

But, he added, there are examples of where things do work—and he gave the example of a cyber-security incident reporting rule that BCFSA was contemplating. He said that during the consultations on this with industry, there was a lot of push back, with industry saying that BCFSA needs to better align with other jurisdictions.

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Mr. Carter said that BCFSa listened, thought those arguments had merit, and was rethinking its approach on this issue. So his conclusion was that consultations do matter and there are situations where this commitment to harmonization does get reflected in regulatory initiatives¹.

Louise Gauthier said that the CCIR Guidance was an example of a national, coordinated, and harmonized approach to a key regulatory issue. She added that rule-making authority would not necessarily lead to less harmonization. Ms. McCutcheon said that in her view, regulators should have a “harmonization impact study” for each new rule that is developed.

Panelists were asked about their priorities for the life insurance sector. Ms. Gauthier said that segregated funds was a key priority, and that the AMF was working with CLHIA/ACCAP on that file, including a deferred sales ban initiative. In 2022-23 there will be progress on Sound Commercial Practices Guideline; a new incentive management guideline; and a new regulation on complaints resolution. Ms. Gauthier said that industry consultations were very helpful to the AMF on these initiatives.

Ms. Mazerolle said one of her top priorities was the insurance act rewrite, including the need for new rules to be developed before some components of the new Act are proclaimed. There is a specific focus on modernizing the life insurance component of the Act. There was also a focus in New Brunswick on the CCIR work on the segregated fund file.

Chris Carter said that there is a lot going on with industry and regulators, and dialogue was critical. The Insurer Code of Conduct in British Columbia is coming down the pipeline, along with a desire to increase the consumer protection features of this legislation. The new features of the Act that have been progressively brought into force include adopting and following a Code of Conduct established by BCFSa; there will be a consultation process related to this initiative. BCFSa does support the CCIR FCT Guideline, and the BC Code of Conduct will be very consistent with that Guideline. However, there is a legislative requirement for BC to still have its own Code of Conduct separate from the CCIR Guidance.

Ms. McCutcheon said there is a theme of late of downloading responsibility for supervising intermediaries to insurers. However, she said that insurers do not control the whole sales process, so is that fair? Chris Carter said that this was about fair treatment of customers, and this particularly included ensuring that the sales and distribution processes are fair. Ms. Gauthier also pushed back on Ms. McCutcheon’s statement, and said that MGAs are accountable for their behaviours and that ultimately this has to be something that insurers make sure happens. MGAs are licensed as distribution firms in Quebec and must comply with the regulatory expectations placed on them. Quebec also has an Outsourcing Guideline that insurers are expected to comply with as well. Angela Mazerolle agreed with the view that insurers are wholly responsible for the behaviour of their intermediaries, and recent changes to the Insurance Act in New Brunswick codify those expectations.

A question was asked about the FSRA Innovation Office, where certain regulatory requirements could be temporarily suspended, and the panelists were asked if they were considering similar provisions in their provinces.

¹ The importance of BCFSa aligning with other existing incident reporting regimes, especially OSFI’s, was a major point made by CAFII in its submission and dialogue to BCFSa on this consultation.

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Ms. Mazerolle said that these innovations were perhaps better piloted in larger jurisdictions, and that such an initiative was not planned for New Brunswick at this time. Mr. Carter said that there were some initiatives in CCIR on these issues, and BC was monitoring its approach in the province carefully; this was, he said, a dynamic and fast-changing space. Ms. Gauthier said that the AMF has a great deal of interest in these sorts of initiatives, and Quebec has exemption provisions, but currently is only using them in the securities space.

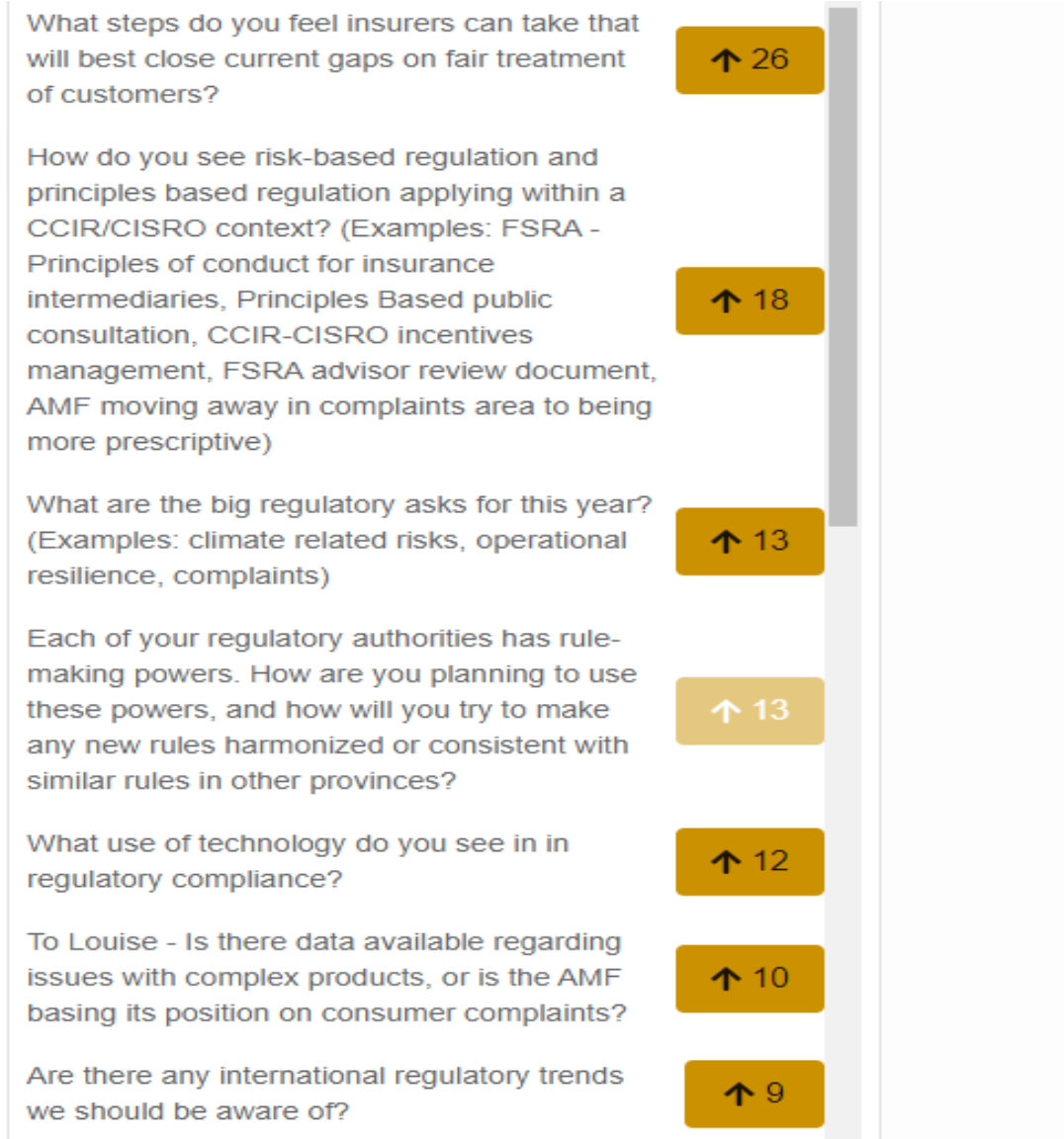
In terms of international trends, Chris Carter said that the hardening insurance market was a key concern. Louise Gauthier said that ESG (Environment, Social, Governance) was becoming more important, and Angela Mazerolle agreed.

Keith Martin anonymously posed the following question, which was ranked as one of the top questions from attendee votes:

Each of your regulatory authorities has rule-making powers. How are you planning to use these powers, and how will you try to make any new rules harmonized or consistent with similar rules in other provinces?

However, none of the questions were actually asked of the panelists. Nonetheless, they would have been visible along with the votes for them by panelists and other regulators and policy-makers.

Illustration 4: Questions Posed by Attendees of Regulatory Panel Ranked by Votes Received



New Regulations and Bills and how they come to be
Hartley Lefton, Partner, McCarthy Tétrault LLP

Hartley Lefton said that the Canadian system for making laws is based on the UK system. There is a First Reading, where the bill is introduced. The Second Reading there where there is a substantive debate on the bill. At this stage, the bill will fail or pass; if the latter, it will go to a Committee, with potential witnesses, hearings, and public comment. If the bill passes the Committee phase, it then goes to Third Reading, at which stage there is an up or down vote. If it passes, it goes for Royal Assent (Governor General federally, and Lieutenant General provincial), which is largely ceremonial (the Queen's representative virtually always signs the bills presented to it). There is also federally a need for Senate passage following largely the same process.

Other sources of compliance requirements including Regulations, which often assist with the implementation of a law such as forms, or setting certain fees or timing; these often are initiated within the bureaucracy, and are implemented through an Order-in-Council (Cabinet). There is also something called the “Administrative State” which includes regulatory agencies such as OSFI, FSRA, AMF, and BCFSa. They set their own policies, processes, and standards, though they interact with the government. Regulation is developed by the Cabinet and implemented by regulatory agencies, although regulatory agencies can in some cases create rules subject to Ministerial approval. There is also an important distinction to be made between risk-based or principles-based regulations, versus rules-based regulation.

But there is more to the story than this formal process. The origin of bills is based on situations developed well before the first reading. The two principal sources of new bills are that “something must be done”—responding to a perceived injustice; and initiatives from the bureaucracy. Examples of these origins of bills were then provided. It was noted that while most private members’ bills fail, they are a good indicator of potential future legislative changes that the government may initiate—an example being current private members’ bills on “trafficking” in life insurance policies that may reflect a shift in views of this sort of activity.

Chief Compliance Officers Panel

Matthew Onyeaju, Vice President & Chief Compliance Officer, Sun Life of Canada

Mylène Sabourin, Chief Compliance Officer and Chief Anti-Money Laundering and Anti-Tax Evasion Officer, Desjardins

Moderator: Nancy Carroll, Partner, McCarthy Tétrault

Matthew Onyeaju said that the pace of regulatory change is increasing every day and that this development makes it a real challenge to stay on top of regulatory requirements. Some of these new regulatory requirements can be dealt with through formal processes, others may be better dealt with through informal approaches. Informal approaches include accreditation programs that allow compliance officers to stay abreast of developments. Industry Associations like CLHIA and its committees are also a very helpful way to stay on top of developments. Engaging in consultations is another important part of the compliance officers’ efforts. There are also more formal mechanisms where responsible persons within the compliance team are assigned different regulatory authorities to monitor and review.

On the issue of cyber-risk, Mr. Onyeaju said that training was critical to preparing for potential crises. Mylène Sabourin said that Desjardins is very engaged on privacy issues and on improving cyber-security capabilities. It has updated its privacy programs and is establishing best practices in this area, anticipating changes coming due to the new comprehensive privacy law in Quebec (Bill C-64). All of Desjardins’ 52,000 employees have also undergone privacy training to ensure that they understand the privacy obligations on them and their company.

On the issue of managing risk, Mr. Onyeaju said that there is an increasing view that this has to be dealt with holistically, where operational risk and compliance risk are not viewed as separate or siloed. Ms. Sabourin said that it was important to focus on the high-risk, important issues and not get bogged down in details that are less relevant.

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Ms. Sabourin said that the remote model has worked very well for the compliance function, but the risk is a lost of team-building and the bonds that a team can develop. The hybrid model could alleviate this, and currently the Desjardins compliance team is meeting once a week in the office. This has required changes to the approach to work so that critical meetings can be held in person in the office.

Mr. Onyeaju said there are some additional risks from operating in a remote environment, including potential privacy risks. There is also the importance of engagement and ensuring the passion that comes from people working together, and how difficult it is to do that when work is mostly done remotely. Regulators may also expect that current reviews that are done virtually may need to begin to be done in-person again.

Ms. Sabourin and Mr. Onyeaju said that in the new environment where people are coming back to the office, the top priority is people and making sure employees are happy, enjoying their work, and understand and identify with the corporate culture.

It was noted that the CCIR said it would continue to engage in FTC reviews with insurance companies, and share its learnings with them. Ms. Sabourin said that Desjardins feels that fair treatment of customers is in its DNA, and that these principles are being integrated into all of its business lines. The challenge is to ensure that the organization does not feel that compliance is where FTC exists—it needs to be integrated into the everyday business culture and be part of the approach in all business lines. Mr. Onyeaju said that the Sun Life experience with CCIR FTC reviews was positive, and completion of the self-assessment and the areas of opportunity for improving FTC were positive initiatives that Sun Life learned from.

On geo-political risk and ESG expectations, Mr. Onyeaju said that Sun Life monitors such issues carefully and ensures that it is in compliance with any new expectations or evolving requirements. Ms. Sabourin said that there are a lot of regulatory changes taking place right now, and that it has been a very busy year. There is a concern that with all the new regulation being introduced, that there could be a loss of focus on the existing regulatory expectations.

Keith Martin anonymously posed two questions that were the two top questions based on voting from attendees:

How much of your team's time is spent on 1. Trying to meet regulatory expectations like the fair treatment of customers, versus 2. Trying to understand the subtle differences between different regulatory guidelines and rules from province to province?

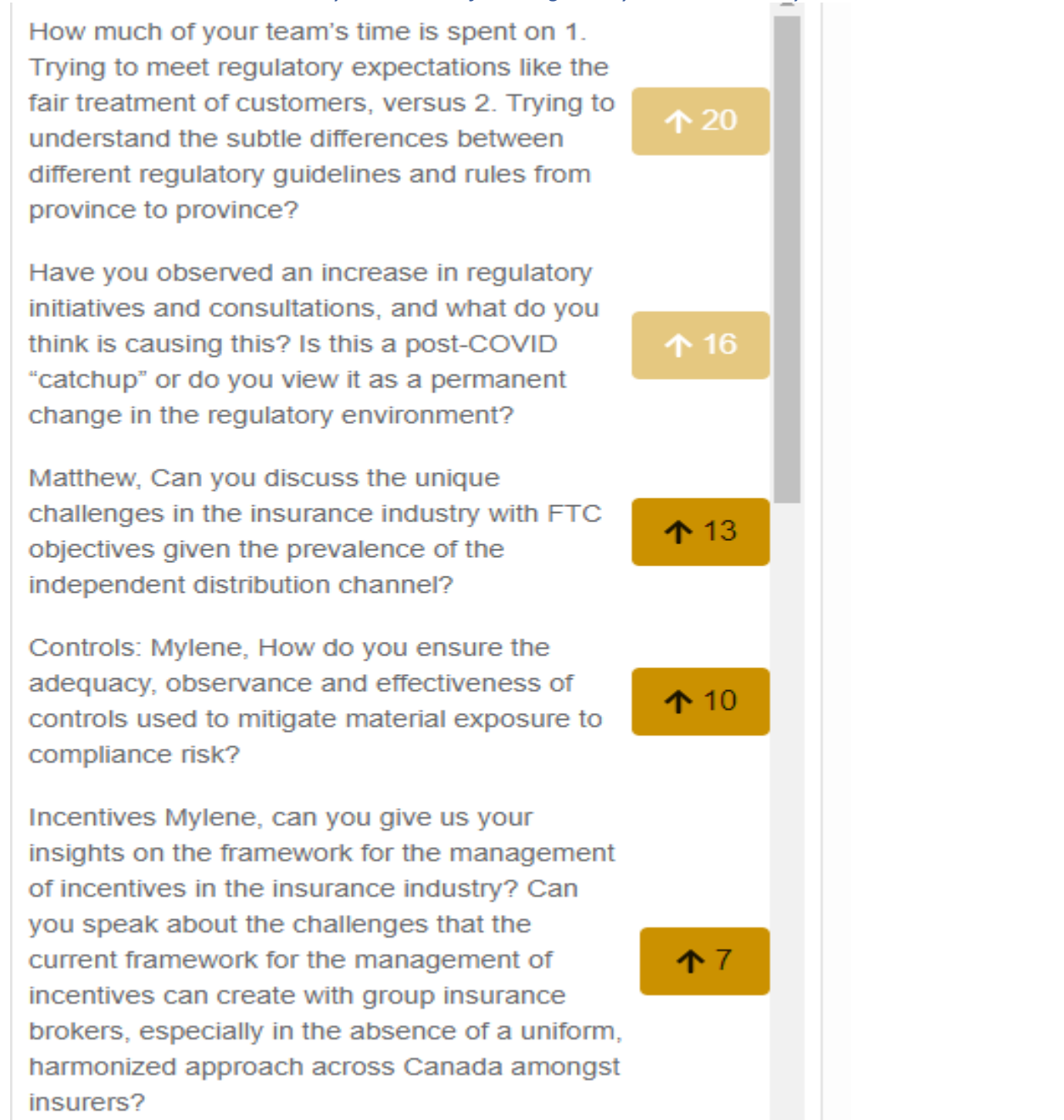
On this question, Mr. Onyeaju said that Sun Life has a lot of depth in its team, and there are dedicated individuals looking at both these requirements within different teams. Ms. Sabourin said that the focus at Desjardins has been on imbedding a culture focused on the fair treatment of customers.

Have you observed an increase in regulatory initiatives and consultations, and what do you think is causing this? Is this a post-COVID "catchup" or do you view it as a permanent change in the regulatory environment?

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

On this question, Mr. Onyeaju said that it felt like there was a change in the regulatory environment that would be ongoing, and which partly reflects changes in technology and customer expectations. Ms. Sabourin said that the level of regulatory activity is viewed as an emerging risk at Desjardins, and is viewed as something that is going to continue and will continue to keep compliance very busy.

Illustration 5: Questions Posed by Attendees of the Regulatory Panel Ranked by Votes Received



Privacy Update

Marie-Eve Jean, Associate, McMillan

There have been many developments in the privacy sector of late, including federal Bill C-11 which was proposed in 2020, died on the Order Paper, and may be brought back this year. It would eliminate PIPEDA and replace it with new legislative requirements. These would include new requirements for data collection in Canada, and would significantly alter the Canadian privacy landscape, with penalties for non-compliance that could be as high as 5% of a company's global revenues. The federal privacy commissioner has however said that this legislation is a step backwards.

Ontario has released a White Paper entitled "Modernizing Privacy in Ontario" which if turned into legislation would have stricter requirements than the federal initiative. It would also cover employee privacy which is currently a grey area. There would be a significant oversight and penalties element to any legislation consistent with the White Paper.

BC's "Personal Information Protection Act" (PIPA) would be changed in some significant ways if new legislative initiatives being considered are implemented, with the intention to strengthen the protection of privacy rights for individuals, especially with respect to technology and privacy. The new initiatives under consideration include consent requirements and enhanced incident reporting requirements.

Bill C-64 in Quebec (Loi 25) was adopted by the National Assembly in Quebec on September 21, 2021 and was formally enacted the following day. The act makes significant changes to the rules around individual privacy rights. Bill 64 introduces new requirements for companies doing business in Quebec, which the definition of doing business in Quebec being quite broad—that would apply to any company that collects information in Quebec even if it does not have an office there. Bill C-64 also applies to federally-regulated bodies like banks. It will come into affect in three phases, but most of the new rules will take place in the 2022-2023 time period.

Employers' obligations over the next year (specifically as of September 2022) include the need to appoint a privacy officer, which by default is the person in the organization with the highest authority or the CEO; this person can delegate the responsibility to another person in the organization but must do so in writing. The privacy officer has to ensure the organization complies with the Act. Another obligation is to immediately provide breach reporting to the Commission and to affected individuals, and to immediately address such breaches. There has to also be a registry of confidentiality incidents which is provided to the Commission upon request.

6 May 2021

Opening Comments from Your Conference Co-Chair

Pierre-Alexandre Archer, Legal Counsel, Industrial Alliance

Pierre-Alexandre Archer, Legal Counsel, Industrial Alliance welcomed attendees to the second day of the Compliance and Consumer Complaints Conference, 2022.

Trends in Complaints and Dispute Resolution

Nathalie Barbosa, Director, Client Advocacy, Sun Life Assurance Company of Canada

Valerie Howes, AVP, Special Investigations Unit & Consumer Complaints, Foresters Financial

Moderator: Valerie Robb, Initiatives Manager & Ombudsman, Empire Life

Nathalie Barbosa said you cannot always resolve a customer's complaint, but you can always deal with them with compassion and care. As well, customer's are now comparing insurance processes to what they experience with Amazon or Starbucks, so the standard expected has definitely gone up.

Sometimes what is required in response to a complaint is to apologize sincerely. There should not be a standard apology template—it has to be customized to the specific and unique case. Valerie Howes said that sometimes when a mistake is made, customers want a reduction in premiums, and that is typically not possible; sometimes what the company representative needs to do is to set realistic expectations for the customer.

Customers now sometimes lodge complaints through social media. Sun Life has a dedicated social media team that monitors comments on these platforms. Foresters generally tries to take the complaint off-line and resolve it through traditional channels. The fundamentals remain the same, which is to show compassion.

It is important to look for trends in the complaints lodged, and if there are ongoing issues these should be examined. Digital means of resolving complaints are also gaining in importance. Anticipating customer needs is also an important way of attempting to avoid complaints. Another trend in the complaints field is the increasing tendency for the adult children of aging customers to advocate for their parents, sometimes doing so with a very limited knowledge of the insurance products they are complaining about.

Panelists said that the pandemic has been an issue for complaints teams, which is already a stressful department to work in. Foresters has introduced new wellness programs for staff to help support them. Sun Life emphasizes mental health and wellness, and also lets the team members help each other, although working at home has made some of these efforts more difficult.

CLHIA Priorities

Stephen Frank, President and CEO, Canadian Life and Health Insurance Association

The context that the CLHIA operates in is affected by political and economic events, including COVID-19, the economy, the war in Ukraine, and the federal NDP/Liberal supply and services agreement. There is a continued federal push into healthcare dentalcare, pharmacare, and mental health. There is also a federal bias towards a greater role for government in all matters.

There are three big elections coming up that could impact the environment: Ontario, Quebec, and Alberta. Another development is that regulators are back to their full regulatory and oversight activities after a period of some relaxation as industry adapted to COVID-19. The volume of work from regulators has never been greater, and that is also a major challenge.

Top priorities for CLHIA are market conduct, IFRS-18 and non-financial risks, and the MGA-GST issue. There are other issues that also arise that are not in the priority list.

On market conduct, there is a package of segregated funds reforms for 2023, including the elimination of deferred sales charges, and a CCIR consultation on banning “upfront” commissions. CLHIA Guideline G2 will need to be updated in response to these developments.

There is also a continuing bucket of work around the fair treatment of customers, including regular discussion on how to implement these principles in practice; CCIR and AMF consultations on incentives management; and a FSRA ongoing focus on MGA oversight.

OSFI and AMF are looking at “non-financial risks” which is another area of major work. Among the areas for review in the next 12 months are:

- Third party risk
- Culture and reputation risk;
- Advanced analytics and model risk;
- Operational risk management;
- Assurance on capital;
- Leverage and liquidity returns;
- Climate risk management;
- Technology and cyber risk;
- Enterprise-wide model risk management.

As well, CLHIA has identified at least 25 separate consultations globally, federally and provincially on climate change. The CLHIA is trying to encourage a collaborative approach among its members around combatting claim fraud.

Stephen Frank said that there is more regulatory activity than ever. CLHIA now has staff in areas where there are regulatory activities, including Ottawa, Quebec, and Alberta. CLHIA is also attempting to strengthen its relationship with the CCIR. Regarding FTC, there is an active working group at CLHIA on this topic and they are very engaged in better understanding how to meet the regulatory expectations around the fair treatment of customers. Mr. Frank said that regulators are placing a higher emphasis on the importance of market conduct, resulting in the pace of work for the Association accelerating.

[Compliance Talent: Defining the compliance officer of the future](#)

Mary Moffett, Chief Compliance Officer (Canada), Swiss Reinsurance Company Ltd.

Jane Birnie, Head of Compliance Shared Services, Manulife

Norm Leblond, Vice President, Chief Underwriter & Claims Risk Officer, Sun Life

Moderator: Meaghan Obee Tower, Partner, Stikeman Elliott LLP

Norm Leblond said that a key for compliance teams going forward is to assess how to manage risks. People want decisions to be made quickly, and now there are efforts to use non-invasive sources of data to make underwriting decisions. New digital opportunities require investments in replacing legacy technology systems, and all of these changes produces a need to take a long-term view of risks.

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Jane Birnie said that as the underwriting model changes, this will have significant impacts on the compliance role. Compliance needs to be integrated into the projects that the business is working on so that it can participate in the development of these from the start, and understand the implications for compliance. Compliance needs to be able to move at the speed of the business and not slow down innovation.

Mary Moffett said that the privacy legislation that is being moved forward federally and in many provinces is partially in response to some of these technological and data-gathering developments. Regulators will want to ensure that these developments do not undermine customer protections that are at the core of the regulators' mission.

For compliance to be successful, it requires a mindset of curiosity and trying to understand where the business will end up, and then prepare for that outcome. Another approach is to identify pain points; to write them down and rank them; and then try to address them.

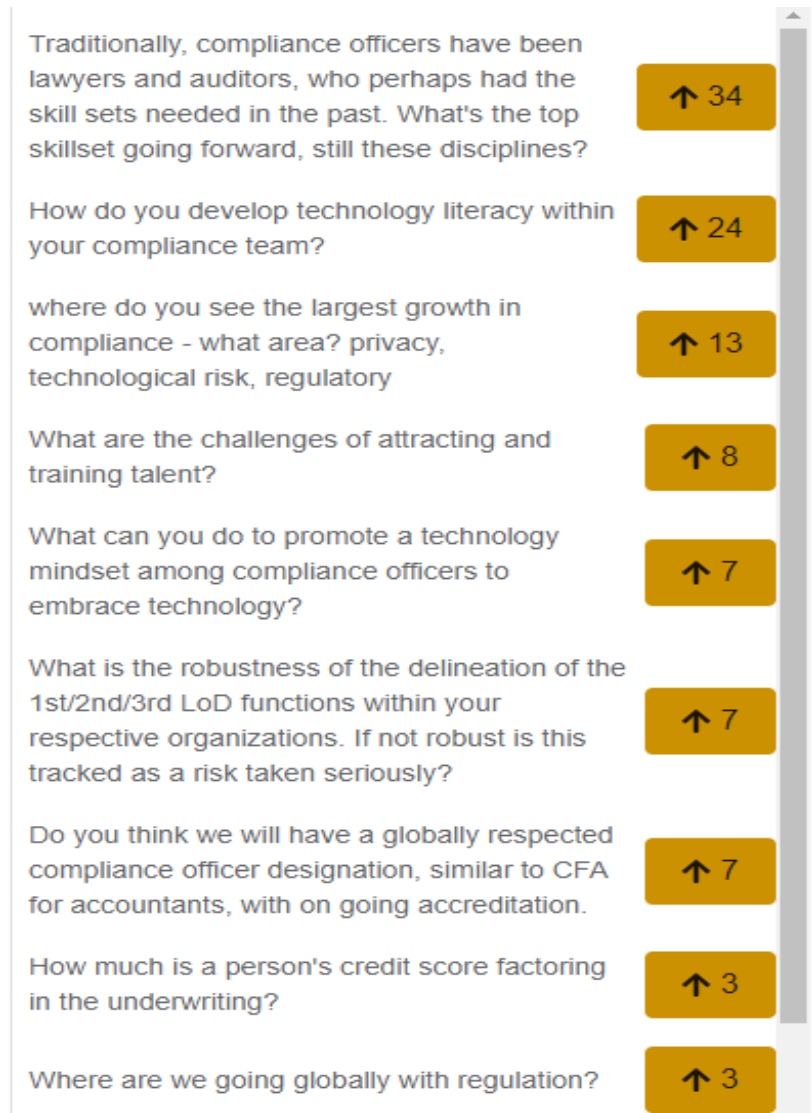
It was noted that the Canadian insurance business has a very collaborative relationship with its regulators, which is a very positive element to the Canadian way of doing things and fairly unique in the world. Another point was that technology is changing everyone's role, and that would not be different for compliance teams. Artificial intelligence will be transformational for insurance, especially underwriting, but to be successful it has to put people first--the technology must be focused on improving the outcome for customers. If this is not the approach taken, the regulators will engage to protect customers' interests, and businesses may be severely limited in their ability to use some of these tools.

A question was asked about whether lawyers and auditors have the right skill sets for compliance officers in the emerging environment. Jane Birnie said that lawyers and auditors have the right skill sets, but other skill sets need to complement those skill sets as the business environment changes; going forward, a diverse set of backgrounds is more important than ever for a compliance team to succeed. Mary Moffett said that the most important skill in a compliance team is communications. A compliance officer needs to be able to translate complex technical regulatory requirements and put it in language that the business can understand.

Another question was how to develop technology competency in a compliance team. Mary Moffett said that immersion in technology was a good way to develop the "language skills" in that area. Another approach is for training, lunch and learns, and attending the meetings at which technology issues are discussed. All of this is just another facet of fundamental change management.

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Illustration 6: Questions Posed by Attendees of the Compliance Officer of the Future Panel Ranked by Votes Received



The panel was asked where was the most important area of growth in compliance--privacy, technological risk, or something else? Jane Birnie said that privacy would definitely become a more important area of focus.

The panelists were asked whether there will eventually be a global compliance officer designation like the CSA designation. Mary Moffett said that compliance is a relatively new field, and the visibility and importance of the compliance role has continuously increased. Ms. Moffett felt that the future would lead to an accreditation requirement at some point, but she added that there were some downsides to that, because the significant number of roles that can lend themselves to a compliance role is one of the wonderful features of this area and an accreditation requirement could undermine that. Jane Birnie felt that such a designation was not necessary and it was better to view compliance as a key function of the business itself.

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Equitable Access to Mentorship and Sponsorship

Maira Stewart, Head, Legal Ops, and Strategic Initiatives, Stikeman Elliott

Natasha Bhimji, Director

Maira Stewart said that resiliency requires high levels of co-operation, effective communication, and strong social ties (see Illustration 7).

Illustration 7: Features of a Resilient Team

Equitable access to mentorship and sponsorship

Diversity and Team Resiliency

A resilient organization can quickly recover from and even leverage disruption through innovation and adaptive capabilities.

Resilient teams

Have high levels of:

- Co-operation
- Effective communication
- Strong social ties

Reinforced by the organization through shared purpose and values (including teamwork and employee participation)

- Can assess disruptive situations quickly
- Execute or revise plans where appropriate
- Develop new strategies if situation change occurs
- Adjust their processes when necessary

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She also mentioned that a key element to building resiliency is a team was for it to be diverse (see Illustration 8).

Illustration 8—Features of a Resilient Team (Continued)

Equitable access to mentorship and sponsorship

Diversity and Team Resiliency – Cont'd

Diverse teams

Support resiliency by offering a:

- Broader knowledge base
- Range of perspectives

In turn, can **positively influence:**

- Problem-solving
- Decision-making

Homogeneous teams

Can miss important information

Resulting in:

- Incomplete analysis
- Short-sited solutions

As we emerge from the disruption caused by COVID-19:
It is critical that organizations have effective programs to support and enhance diversity on their teams and therefore resiliency.

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There is also, it was mentioned, a spectrum to the mentor-sponsorship spectrum (see Illustration 9). She added that women and men from diverse backgrounds are over-mentored and under-sponsored relative to other groups (see Illustration 10).

Illustration 9—Mentorship-Sponsorship Spectrum

Equitable access to mentorship and sponsorship

Mentorship-Sponsorship Spectrum
A New Way of Thinking About Sponsorship

Sponsorship is not an either/or role – either committing fully or not at all. It's a spectrum of different kinds of degrees of support.

Private relationship ← 1 2 3 4 5 → Public relationship

1	2	3	4	5
Mentor	Strategizer	Connector	Opportunity Giver	Advocate
<ul style="list-style-type: none"> Provide advice, support or coaching 	<ul style="list-style-type: none"> Share "insider information" about advancing Strategize getting ahead 	<ul style="list-style-type: none"> Make introduction to influential people Talk her up with your peers 	<ul style="list-style-type: none"> Provide a high-visibility opportunity 	<ul style="list-style-type: none"> Publicly advocate a promotion Fight for her in settings where she can't fight for herself

"Want More Diverse Senior Leadership? Sponsor Junior Talent"
Herminia Ibarra and Nana von Bernuth, Harvard Business Review, October 09, 2020

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Illustration 10—Sponsorship of Groups in Large Companies

Equitable access to mentorship and sponsorship

Who Has A Sponsor?
Full-time, employees in large companies who have a sponsor:

Group	Percentage
Men	19%
Women	13%
White Professionals	13%
Visible Minority Professionals	8%

Why?

- 1 Senior leaders are mostly white males
- 2 Men lean in
- 3 Assumptions about women & careers

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Ms. Bhimja said that the sponsors—often white men—need to have the ability to support people from other backgrounds (see Illustrations 11, 12, 13). There needs to be programs to address the “like-me” bias where people tend to prefer people who have similar backgrounds to themselves.

Illustration 11—Building Effective Programs

Equitable access to mentorship and sponsorship



Mairi Stewart
Head, Legal Ops. and Strategic Initiatives, Sikeman Elliott



Natasha Bhimji
Dr. Student Program Diversity Equity & Inclusion, Sikeman Elliott

Building Effective Programs

Employers must develop sponsors for diverse talent at all levels of their organization by ensuring leaders - often white men - have the skills to advance women and diverse employees

Identify high potential diverse talent	<ul style="list-style-type: none"> Look for people who bring different experiences and perspectives and have the results, potential, and ambition to make a larger contribution Ask HR and other leaders to recommend candidates
Consider who should be a mentor versus a sponsor	<ul style="list-style-type: none"> Some people may be more suitable as mentors if they are not in a position (of power) to advocate effectively for their person
Consider how to best pair sponsors and protégés	<ul style="list-style-type: none"> Because sponsors need to be willing to spend social capital, they should have seen their protégé's work if possible While it helps if sponsors and protégés are as similar as possible, it is not essential, especially factoring in the fact that there may not be enough diverse sponsors available Instead, focus on training both sponsors and protégés to manage "like me" bias

1:10 / 1:15
CLHIA ACCAP

Illustration 12—Building Effective Programs (Continued).

Equitable access to mentorship and sponsorship



Mairi Stewart
Head, Legal Ops. and Strategic Initiatives, Sikeman Elliott



Natasha Bhimji
Dr. Student Program Diversity Equity & Inclusion, Sikeman Elliott

Building Effective Programs – Cont'd

Determine the best stretch role	<ul style="list-style-type: none"> Identify high-visibility opportunities that could benefit protégés' perspectives, talents, and experiences — and in which they can excel
Position the role	<ul style="list-style-type: none"> Ensure protégés understand that the organization values and thinks highly of them Also ensure they have opportunities to start to see themselves as leaders People become leaders by internalizing a leadership identity and developing a sense of purpose Internalizing a sense of oneself as a leader is an iterative process
Provide opportunities for development and support	<ul style="list-style-type: none"> Sponsors must ensure that people in their organization invest time, expertise, resources, and budget to help give protégés the skills and experiences they need to be successful It's also important to educate leaders who will work with a protégé about the challenges women, people of color and especially women of color, often encounter in the workplace

7:57 / 7:59
CLHIA ACCAP

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Illustration 13—Building Effective Programs (Continued).

Equitable access to mentorship and sponsorship

Building Effective Programs – Cont'd

Pave the way	<ul style="list-style-type: none"> Sponsors have a responsibility to introduce their protégés to influential and powerful people in their organization or industry, including clients, especially if they are crucial for success in their work
Ensure protégés receives candid, performance-based feedback	<ul style="list-style-type: none"> A 2006 McKinsey study found that women don't get the same type of direct, candid commentary on their performance as their male counterparts Research shows that women consistently receive less feedback tied to business outcomes
Help protégés persist	<ul style="list-style-type: none"> Make sure criticism, mistakes, failures, or naysayers don't derail protégés
Champion promotions and recognition	<ul style="list-style-type: none"> Sponsors advocate for raises, promotions, and recognition to deserving protégés

"What Men Can Do to Be Better Mentors and Sponsors to Women"
Rania H. Anderson and David G. Smith, Harvard Business Review, August 07, 2019

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9:03 / 12:32

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An example of these principles working in practice is a pilot project that Stikeman Elliott has put in place (see Illustration 14).

Illustration 14—Case Study—Summer Work Allocation Pilot Project

Equitable access to mentorship and sponsorship

Summer Student Work Allocation Pilot Project

Objective To experiment with a system where students will have increased mentor support in a fair and equitable manner accessing:

- 1 Work opportunities
- 2 Relationships
- 3 Development

The focus moves away from **who you know and who you like** (which can disadvantage women and students who come from diverse backgrounds), to:

- Who is available
- Who have I not yet worked with
- Who is interested in doing this type of work

This will allow for work providers to get exposure to, and build relationships with, a broader range of students resulting in a more diverse pool of associates (and a happier, more engaged group of students and associates)

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17:35 / 17:40

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However, the return to the work office and a hybrid work model may provide challenges to these programs, especially for those who choose to work remotely (see Illustration 15).

Illustration 15--Case Study—Summer Work Allocation Pilot Project

Equitable access to mentorship and sponsorship

Return to Office Considerations

- As we shift toward a hybrid workplace, both the equity-enhancing and equity-reducing aspects of remote work are likely to be complicated and intensified.
- The rise of a hybrid work environment has improved the work experience for diverse employees which results in greater retention and bolstering our diverse pipeline.
- With employees spending less time in the physical office, "code switching" – changing one's behaviour, appearance or speech to fit into the dominant culture- is now less of a job requirement. People can simply do their work, without that extra emotional labour.
- Conversely, organizations may need to counter "proximity bias" or preferential treatment shown to people who work physically together as remote employees could miss out on networking opportunities, stretch assignments, promotions and career advancement.
- Sponsors can support their protégés by ensuring that opportunities continue to be given to people who choose to work remotely all or part of the time.

"Why Flexible Work Is Essential to Your DEI Strategy"
Sheela Subramanian and Ella F. Washington, Harvard Business Review, February 25, 2022

"Don't Let Hybrid Work Set Back Your DEI Efforts"
Alexandra Samuel and Tara Robertson, Harvard Business Review, October 13, 2021

CLHIA ACCAP

Mairi Stewart
Head, Legal Ops and Strategic Initiatives, Stikeman Elliott

Natasha Bhimji
Dr. Student Program, Diversity Equity & Inclusion, Stikeman Elliott

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A question was asked about unconscious bias, and Ms. Bhimja said that a commitment to training and to trying to identify this was a priority at Stikeman Elliott.

Provincial Insurance Councils Panel Oversight Models

April Stadnek, Executive Director, Insurance Councils of Saskatchewan

Janet Sinclair, Chief Executive Officer, Insurance Council of British Columbia

Joanne Abram, Chief Executive Officer, Alberta Insurance Council

Moderator: Dylan Friedman, Vice President, Chief Client Officer, Apexa

At the beginning of the meeting, it was noted that April Stadnek had been promoted to the role of Executive Director, Insurance Councils of Saskatchewan.

Joanne Abram, Janet Sinclair, and April Stadnek all said that supervision would continue to be their major preoccupation. They also all said that cyber-security would be a major issue for the their councils.

Joanne Abram said that developing rule-making authority would be a key objective for the Alberta Insurance Council, which would allow it to enforce codes of ethics and respond to licensing challenges. It would also provide it with the ability to better enforce non-compliant licensees. Janet Sinclair said that the Insurance Council of British Columbia is reviewing its rules to make sure they are as current as possible. Some of these changes are the subject of current consultations with industry. Another BC priority would be continued work on the development of a restricted insurance agent regime in the province. Part of the exercise is what products would fall under this regime and who would be able to sell them. April Stadnek said that rolling out a new online application process was a priority for this year in Saskatchewan, along with upgrading the website. **Ms. Stadnek mentioned that Saskatchewan has rolled out a Restricted Insurance Agent Committee consisting of members from CLHIA and CAFII, and that this is working very well.**

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

In Alberta, MGAs are licensed just like any other licensed person, and that is probably something that should be modified; but that requires legislative change at this time as the Alberta Insurance Council does not currently have rule-making authority. Alberta is monitoring the Saskatchewan model of licensing MGAs very carefully. April Stadnek said that MGAs were licenses as agents for a long time in Saskatchewan, but starting in 2020 they are being licensed under an MGA license. Ms. Stadnek said that Saskatchewan has approved using the CLHIA MGA Guideline. Janet Sinclair added that MGAs in BC are viewed as having the same responsibilities as any other agent. MGAs should be aware of what their agents are doing because disciplinary action against an agent can also be applied to an MGA.

Ms. Stadnek said that she believes in collaboration to achieve results. Generally, licensees are compliant, and the focus should be on the non-compliant actors. Industry needs to be involved in that objective. Joanne Abram said that there is a common interest in improving the professionalism in the industry, and it starts with recruitment. Janet Sinclair agreed with the importance of working closely with industry in resolving these issues. Insurers are uniquely placed to try to ensure that background checks, recruitment, training etc. are meeting the highest standards.

A question was asked about what market conduct trends have been noticed by panelists. Joanne Abram said that there are increases in unlicensed activity, in people who do not have E&O in place, or in licensees that have not met the continuing education requirements. There have been cases of the theft of client's funds. There are some examples of scope creep where products sold under a restricted insurance agent certificate may not be covered by some of the new products introduced into the marketplace. One example is a travel agent selling critical illness insurance under an RIA certificate, and that was cited as an example of something that is not appropriate. April Stadnek said that there are supervision requirements in Saskatchewan, but these are not always followed and the supervision may not be done by someone who is in a position to play that role without a conflict of interest—for example, a husband supervising a wife. Janet Sinclair said that there were similar issues in BC including fraudulent behaviour.

Janet Sinclair was asked if there was a possibility of a national database of bad actors, and she said that information-sharing between provinces was a big challenge and so the short-term answer is no. April Stadnek agreed that it would not happen right away, but it should at some point be addressed.

A question was asked about how often licensee exams (LLQP) were updated to take account of new developments. Joanne Abram said that this process was managed by its provider which is the AMF in Quebec, and that it constantly updated the exam and it was currently on its 12th iteration.

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

Illustration 16—The Provincial Insurance Councils Panel

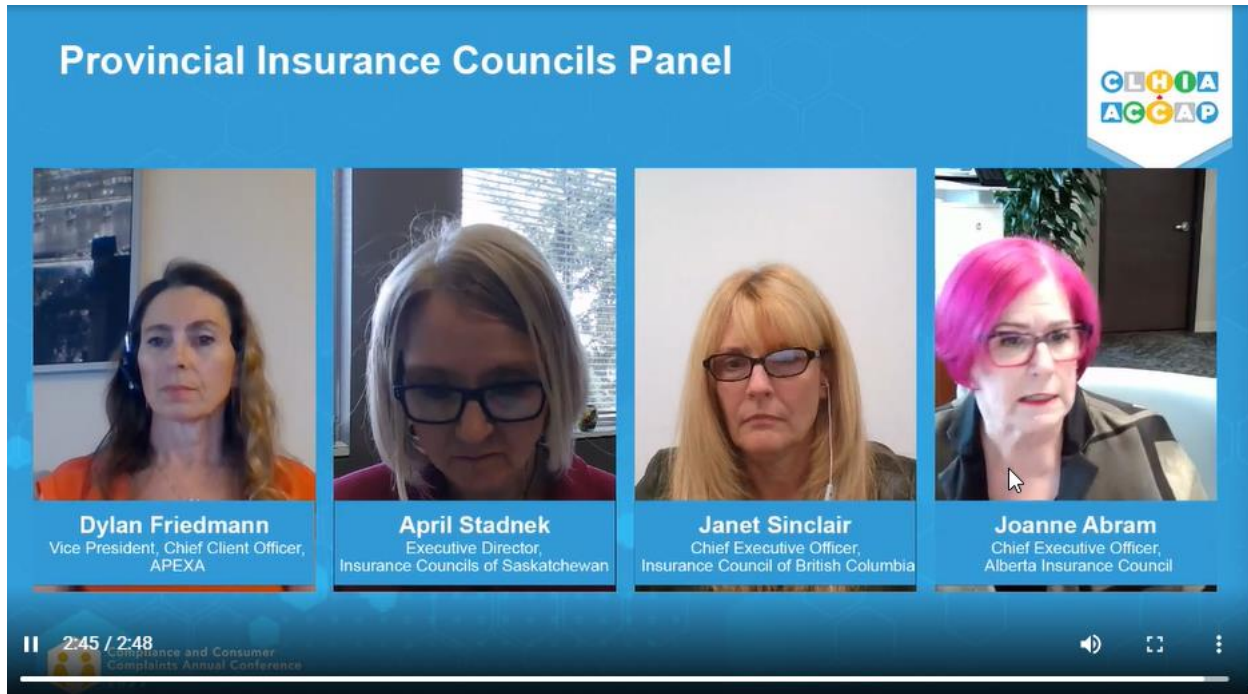


Illustration 17: Questions Posed by Attendees of the Regulatory Panel Ranked by Votes Received

CLHIA VIRTUAL CONFERENCE 4-5 MAY 2022

What recent market conduct related trends have you seen?

↑ 18

Are there any plans for a national licensing registry/database in the future?

↑ 14

Assuming advisors (licensees) are required to take an exam for their insurance license, how often is this exam updated to reflect things like cyber security and confidentiality of clients PII?

↑ 12

When an application is submitted with sponsor approval, how often does each regulator decline those applications and under what circumstances would a decline occur?

↑ 5

What is the most common problem?

↑ 3

What is the worst problem?

↑ 3

The pandemic has accelerated digitization in industry and society dramatically. What is your vision for offering all facets of your programs, including certification, training, license renewal etc. digitally?

↑ 3

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 7(b)

Read Only Items-- FSRA's "New Whistle-blower Program to Help Identify Misconduct in the Non-Securities Financial Services and Pensions Sectors"

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

This is a copy of FSRA's "New Whistle-blower Program to Help Identify Misconduct in the Non-Securities Financial Services and Pensions Sectors."

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

Guidance

☒ Interpretation

☒ Approach

☐ Information

☐ Decision

Effective Date: April 29, 2022

Identifier: No. GR0015APP

Whistle-blower Guidance

Purpose

Whistle-blowers are a valuable source of information to identify Misconduct¹ in Ontario's financial services sectors. The Financial Services Regulatory Authority of Ontario ("FSRA") recognizes the value of Whistle-blowers and has implemented a Whistle-blower Program (the "**Whistle-blower Program**") to allow individuals and entities to provide information, either personally or anonymously through a lawyer, related to Misconduct in the Regulated Sectors,² furthering FSRA's statutory objects which include protecting the rights and interests of consumers, credit union members, and pension plan beneficiaries (collectively "**Consumers/Beneficiaries**").

To detect Misconduct and protect Consumers/Beneficiaries, the Whistle-blower Program will provide protection to certain individuals or entities who:

¹ Please see the definition of "Misconduct" under the "Scope" heading.

² Please see the definition of "Regulated Sector" under the "Scope" heading.

- (1) come forward in good faith with valuable, timely and primarily non-public (i.e., insider) information related to Misconduct in a Regulated Sector
- (2) request FSRA maintain their identity in confidence
- (3) receive an assurance of confidentiality from FSRA³ (“**Whistle-blower**”)

To support implementation of the Whistle-blower Program, this Guidance:

- (1) communicates FSRA’s approach to determining who qualifies as a Whistle-blower under the *Financial Services Regulatory Authority of Ontario Act, 2016* (“**FSRA Act**”),⁴ and who receives the protections outlined in this Guidance
- (2) outlines FSRA’s interpretation of the Whistle-blower protections in the FSRA Act, including the type and scope of protections and the recourse available to Whistle-blowers
- (3) informs individuals and entities how they can submit information to FSRA’s Whistle-blower Program.

Scope

This Guidance applies to any individual or entity that has information related to an alleged or intended contravention (i.e., “**Misconduct**”) under one of the following Acts (the sectors regulated by such Acts being the “**Regulated Sector**”):⁵

- the *Credit Unions and Caisses Populaires Act*
- the *Financial Professionals Title Protection Act*
- the *Insurance Act*

³ The FSRA Act grants FSRA’s Chief Executive Officer (“CEO”) authority over whistleblower complaints. However, for the purposes of this Guidance, reference will be made to FSRA as the CEO may delegate authority to FSRA employees, as permitted by s 10(2.3) of the *Financial Services Regulatory Authority of Ontario Act*.

⁴ *Financial Services Regulatory Authority of Ontario Act, 2016*, SO 2016, c 37, schedule 8 [FSRA Act].

⁵ In this Guidance, the definition of “Regulated Sector” means an Act listed in or prescribed under the definition of “regulated sector” in s 1(1) of the FSRA Act.

- the *Loan and Trust Corporations Act*
- the *Mortgage Brokerages, Lenders and Administrators Act*
- the *Pension Benefits Act*
- the *Pooled Registered Pension Plans Act*; or
- such other legislation as may be prescribed

This Guidance also applies to any individual or entity who is the subject of a Whistle-blower complaint and affects all entities regulated by FSRA as well as their directors, officers and employees where applicable, including

- accident benefits service providers
- co-operative corporations
- corporate insurance agencies
- credit unions and caisses populaires
- insurance adjusters
- insurance agents
- insurance brokers
- insurance companies
- loan and trust corporations
- mortgage administrators
- mortgage agents
- mortgage brokers
- mortgage brokerages
- pension plan administrators

Rationale and background

FSRA's Whistle-blower program aims to encourage individuals or entities who are aware of Misconduct in the Regulated Sectors to inform FSRA so that appropriate action can be taken. Such action may include an investigation and, where necessary, enforcement proceedings to protect Consumers/Beneficiaries. To encourage the reporting of Misconduct, FSRA will take all reasonable efforts to ensure individuals and entities who identify Misconduct in a Regulated Sector can provide that information to FSRA on a confidential basis without fear of reprisal through the provision of formal Whistle-blower protection under the Whistle-blower Program.

Encouraging Whistle-blowers to come forward by offering them statutory protection furthers FSRA's statutory objects under the FSRA Act in relation to the Regulated Sectors by:

- contributing to public confidence
- deterring deceptive or fraudulent conduct, practices and activities
- promoting high standards of business conduct
- protecting the rights and interests of consumers, pension plan beneficiaries and members of a credit union.⁶

FSRA's approach to the Whistle-blower Program will be guided by the following principles:

- **Transparency:** FSRA's practices and procedures in respect of information provided by Whistle-blowers, as well as the level of protections that it can offer a Whistle-blower, will be openly and clearly communicated.
- **Risk-based:** FSRA's response to Misconduct will be proportionate to the risk identified by the Whistle-blower and potential harm to the public.
- **Consumer/Beneficiary Centric:** FSRA's Whistleblower Program is designed to encourage Whistle-blowers to come forward with information that will help FSRA identify Misconduct with a view to more effectively protecting Consumers/Beneficiaries.

Eligibility requirements

This section outlines the requirements that an individual or entity will need to meet to be considered a Whistle-blower under the FSRA Act and receive the protections under the Whistle-blower Program.

Not every individual or entity who submits information through the Whistle-blower Program will be granted Whistle-blower status and offered protection by FSRA. The protections and recourses in the Whistle-blower Program, as outlined in this Guidance, are only available to individuals or

⁶ FSRA Act, supra note 4, s 3.

entities who meet the requirements set out in the FSRA Act,⁷ and who receive a written assurance of confidentiality from FSRA.

Individuals or entities who do not meet the requirements under the Whistle-blower Program, or who do not receive a written assurance of confidentiality from FSRA, will not be considered Whistle-blowers under the FSRA Act and will not benefit from the protections afforded under the Whistle-blower Program. Please read this Guidance carefully before you provide information to FSRA under the Whistle-blower Program.

Individuals or entities who wish to remain completely anonymous may choose to retain a lawyer to submit information to FSRA's Whistle-blower Program. Further information on submissions by lawyers is outlined in the "Submission Process" section of this Guidance.

Requirements

FSRA will consider an individual or entity to be a Whistle-blower and entitled to protection under the Whistle-blower Program, if they:

- a. disclose to FSRA, in good faith, information related to Misconduct in a Regulated Sector
- b. request that their identity as a Whistle-blower be kept confidential
- c. are provided with a written assurance of confidentiality by FSRA.⁸

Good faith

To be entitled to protection under the Whistle-blower Program, Whistle-blowers are required to disclose information related to Misconduct to FSRA in good faith. FSRA interprets "good faith" in subsection 20.5(a) of the FSRA Act to mean that Whistle-blowers who provide information to FSRA do so with an honest belief that there has been Misconduct and without any intention of defrauding or taking advantage of FSRA or another party. In this context, good faith requires an

⁷ For the purposes of ss 20.6 to 20.8, a person or entity is a whistle-blower if: (a) the person or entity discloses to the Chief Executive Officer, in good faith, an alleged or intended contravention of an Act listed in or prescribed under the definition of "regulated sector" in s 1(1); (b) the person or entity requests that their identity as a whistle-blower be kept confidential; and (c) the Chief Executive Officer provides the person or entity with an assurance of confidentiality, subject to s 20.8.

⁸ See FSRA Act, supra note 4, s 20.8.

individual or entity to come forward without the intent of personally benefiting from the disclosure, either by personally profiting or by gaining advantage in a dispute or disagreement.

Whistle-blowers vs. Complainants

Generally, FSRA does not consider a “Complainant” to qualify as a Whistle-blower. Individuals or entities who are considered a Complainant will not be able to rely on the protections under the Whistle-blower Program.

In FSRA’s view, a “**Complainant**” is typically an individual or entity who is dissatisfied with a product or service they received from a regulated entity or licensed individual and is not an employee or other person with inside knowledge of the entity providing such product or services. A complainant may or may not have information related to Misconduct in a Regulated Sector. For example, a pension plan member who is identifying a concern regarding their individual benefit provided from a pension plan (e.g., alleging that a benefit has been incorrectly calculated, or that a plan administrator has not complied with Ontario pension legislation) is generally a Complainant and not a Whistle-blower.

In addition, an individual or entity must request that their identity be kept confidential. Whistle-blowers are generally concerned about potential reprisals as a result of providing information they have obtained in the course of their employment or as a function of having access to primarily non-public information. Where the nature of the Misconduct reported requires that the identity of the individual be disclosed in order to address alleged harm to the individual, FSRA would not be able to grant Whistle-blower protection.⁹

Whistle-blowers, in contrast, are often an existing or former employee or another person with inside information (e.g., present or former board member, agent, director or officer, vendor, broker, third party representative or competitor) of a regulated entity Alternatively, a Whistle-

⁹ For example, a pension plan member who alleges that a miscalculation of his or her pension benefit in contravention of the *Pension Benefits Act*, RSO 1990, c P.8. (“PBA”) would generally not be considered a Whistle-blower because the information provided is specific to the individual and any alleged Misconduct could not be addressed by FSRA through the Whistle-blower Program. Rather, the individual would have recourse as a Complainant since the PBA specifically allows for such issues to be addressed through FSRA’s regulatory authority under s 87 of the PBA.

blower can be a licensee who possesses valuable, timely and primarily non-public information related to Misconduct, and wishes to have their identity protected because of concerns related to potential reprisals against them by their employer or others. Generally, the type of information provided by a Whistle-blower is not publicly available.¹⁰

Before submitting information to FSRA's Whistle-blower Program, please ensure you meet the above criteria to qualify as a Whistle-blower and are not a Complainant. FSRA will not offer an assurance of confidentiality to a Complainant.

If you are dissatisfied with a product or service you have received from a regulated entity or licensed individual you can [file a complaint with FSRA](#).

Whistle-blower protections

This section outlines the protections that FSRA can offer Whistle-blowers under the Whistle-blower Program as well as the limited circumstances in which a Whistle-blower's identity may be disclosed.

This section applies to individuals or entities who meet the requirements of a Whistle-blower under the Whistle-blower Program and who are provided with a written assurance of confidentiality by FSRA. If you do not receive a written assurance of confidentiality from FSRA, the protections and recourse under the Whistle-blower Program listed in this section will not apply to you.

1. Identity protection

FSRA is required by law to keep confidential and not disclose the identity of a Whistle-blower, including any information or record that may reasonably be expected to reveal the identity of a Whistle-blower, subject to the exceptions listed in the FSRA Act and described below.¹¹

¹⁰ For example, a CFO reporting information not available to the public about financial irregularities in a credit union regulated by FSRA, or a key employee or executive reporting about non-compliance by an insurance company may be considered Whistle-blowers and are encouraged to submit any information they have about the Misconduct to FSRA's Whistle-blower Program.

¹¹ FSRA Act, supra note 4, s 20.8(2).

Where FSRA determines an individual or entity is a Whistle-blower under the FSRA Act, that individual or entity will be given the following assurance of confidentiality:

FSRA will keep confidential, and not disclose the identity of a Whistle-blower or any information or record that could reasonably be expected to reveal the identity of the Whistle-blower. A Whistle-blower's identity will only be disclosed where (a) required by law or (b) where a valid exception under subsection 20.8(2) of the FSRA Act applies.

(a) Disclosure required by law

FSRA will take all reasonable efforts to maintain the confidentiality of a Whistle-blower's identity and information. However, a Whistle-blower's identity, and any information or record that could reasonably be expected to reveal the identity of the Whistle-blower, may be subject to disclosure during a legal proceeding. FSRA will make all reasonable efforts to resist any disclosure requests for a Whistle-blower's identity. In the limited circumstances identified in this Guidance, however, FSRA **cannot guarantee** that a Whistle-blower's identity will not be disclosed in all cases because the final decision in respect of disclosure of the Whistle-blower's identity will be made by a court or tribunal and not by FSRA.

Freedom of information

A Whistle-blower's identity, and any information or record that could reasonably be expected to reveal the identity of the Whistle-blower, is exempt from disclosure under Ontario's *Freedom of Information and Protection of Privacy Act* ("**FIPPA**").¹² As a result, FSRA's view is that requests for information related to a Whistle-blower's identity under FIPPA can be successfully resisted through the protections available in section 20.8 of the FSRA Act and subsection 67(2) of FIPPA.

(b) Exceptions under the FSRA Act

FSRA may disclose a Whistle-blower's identity if:¹³

¹² See *ibid*; see also *Freedom of Information and Protection of Privacy Act*, RSO 1990, c F.31 [FIPPA].

¹³ FSRA Act, *supra* note 4, s 20.8(2).

- (a) the Whistle-blower consents; or
- (b) the disclosure is made to law enforcement because there are reasonable grounds to believe that the Whistle-blower has committed an offence under the *Criminal Code (Canada)* or a statute governing a Regulated Sector that is related to the Whistle-blower's disclosure to FSRA.

2. Protection from civil liability

Whistle-blowers will not be liable in any civil proceeding for providing information to FSRA which relates to Misconduct in a Regulated Sector or for bringing a proceeding in response to a reprisal taken against them.¹⁴

3. Protection from reprisals

What is a reprisal

Whistle-blowers may be fearful of coming forward with information due to the negative repercussions (or reprisals) that may occur if the person or entity who is the subject of a Whistle-blower's disclosure to FSRA discovers their identity. Reprisals can include:¹⁵

- terminating, demoting, disciplining, penalizing or intimidating or threatening to do any of these in respect of a Whistle-blower's employment, contract, position or office; or
- any act or failure to act that detrimentally affects the Whistle-blower

The prohibition against reprisals has broad application and prohibits direct or indirect reprisals beyond the scope of matters related to the Whistle-blower's employment. FSRA interprets subsection 20.6(1) of the FSRA Act to also include any act or failure to act directed at any individual or entity related to the Whistleblower (e.g., a family member or employer of the Whistle-blower) and which, when assessed objectively, detrimentally affects the Whistle-blower, as constituting a reprisal.

¹⁴ Ibid, s 20.6(3).

¹⁵ Ibid, s 20.6.

(a) Whistle-blowers' recourse

Whistle-blowers who are subject to a reprisal for providing information to FSRA may:

- (1) make a complaint to be dealt with by final and binding settlement by arbitration under a collective or other agreement that provides for such a resolution; or
- (2) bring a civil proceeding in the Superior Court of Justice.¹⁶

An arbitrator or court may then re-instate the Whistle-blower's employment, position, contract or office with the same seniority or status and/or order compensation (including expenses and benefits lost) of up to two times the amount that would have been paid, but for the reprisal, including interest. The arbitrator or court may also order additional compensation, taking into considering the nature of the reprisal and any resulting losses.¹⁷ Where the Whistle-blower brings a civil proceeding or has such matter dealt with by arbitration, there is a presumption that the person or entity alleged to have contravened the anti-reprisal protections under the FSRA Act has directed the reprisal against the Whistle-blower, and they must prove that they did not do so.¹⁸

Further, any provision in an agreement, such as a confidentiality or non-disclosure provision in an employment, settlement confidentiality or non-disclosure agreement, that prevents a Whistle-blower from providing information, cooperating with FSRA or giving evidence during a hearing, is void.

(b) FSRA enforcement powers

Where an individual or entity takes a reprisal against a Whistle-blower, FSRA may take the following action in respect of the person or entity suspected of taking the reprisal:

- conduct examinations or investigations or make inquiries

¹⁶ Ibid, s 20.6(3).

¹⁷ Ibid, s 20.6(5).

¹⁸ Ibid, s 20.6(4).

- require any person or entity to provide information or produce any document that is relevant to the examination, investigation or inquiry
- enter, and have access to, any business premise that contains information related to the examination, investigation or inquiry¹⁹ or
- a charge alleging an offence against the individual or entity.

Offences

It is an offence to take reprisals against a Whistle-blower. Maximum penalties under the FSRA Act are \$500,000 and/or one year of imprisonment for individuals and \$1,000,000 for corporations.²⁰ Directors and officers of a corporation, partners in a partnership or members of a directing body can be held liable if they participate in or fail to take reasonable care to prevent a reprisal against a Whistle-blower.²¹

Submission process

This section outlines how to submit information under the Whistle-blower Program as well as what you should expect during the process. It also explains how you can submit information to FSRA under the Whistle-blower Program, completely anonymously, through a lawyer (i.e., FSRA will never know your identity).

FSRA will only accept information from Whistle-blowers through the Whistle-blower Program's online submission page, other than where accommodations are required under the *Accessibility for Ontarians with Disabilities Act, 2005*.²² Please read this Guidance in full before providing any information to FSRA under the Whistle-blower Program.

Please visit the home page for FSRA's [Whistle-blower Program](#).

¹⁹ Ibid, s 20.9(1).

²⁰ Ibid, s 20.11.

²¹ Ibid, s 20.10(2) & (3).

²² SO 2005, c 11.

Individual submissions

Individuals and entities will be required to confirm the following before submitting information under the Whistle-blower Program:

- I have read and understand the contents of this Guidance, including the circumstances in which my identity may be disclosed by FSRA.
- I have valuable, timely and primarily non-public information related to Misconduct in a Regulated Sector.
- I am coming forward in good faith.
- I request that FSRA keep my identity confidential.
- I certify that all of the information provided in my submission, including my name and description of Misconduct, is true and complete.
- I understand that FSRA may disclose my identify to a law enforcement agency without my consent if I have committed an offence under the *Criminal Code (Canada)* or under a Regulated Sector statute which is related to the misconduct outlined in this application.

Anonymous submissions through a lawyer

Individuals or entities who wish to provide information to FSRA under the Whistle-blower Program completely anonymously (i.e., FSRA will never know your identity as your lawyer is not required to provide it to FSRA) may retain a lawyer to submit information on their behalf.²³ All communications will be between FSRA and the lawyer designated to act on behalf of the individual or entity.

²³ Please note that individuals and entities are responsible for any costs related to retaining a lawyer. FSRA does not provide any reimbursement.

Individuals or entities should review the [Individual Submission Form](#) with their lawyer and either provide the requested content to their lawyer in writing or confirm the content before their lawyer submits the content to FSRA's Whistle-blower Program using the lawyer submission option.

Lawyers will be asked to certify the following before submitting information on behalf of their client to FSRA under the Whistle-blower Program:

- I have read and understand this Guidance and have explained it to my client.
- I have received from my client, or reviewed with my client, the content of the Individual Submission Form before submitting this information to FSRA.
- I have verified the identity of my client (through valid government issue photo ID).
- I am authorized to interact with FSRA and act on my client's behalf (including accepting an assurance of confidentiality should it be offered).
- I have confirmed with my client that, to the best of their knowledge, all of the information provided in this submission is true and complete.

Additional submissions

Once you or your lawyer submit information to FSRA under the Whistle-blower Program, you or your lawyer will receive a one time ID and password. This ID and password will allow you or your lawyer to submit additional information to FSRA and track the progress of your submission. Please ensure you or your lawyer write down this ID and password and store it in a password protected space. You will not be able to access this ID and Password again.

FSRA staff will communicate the following information to you, or your lawyer, through a secure Whistle-blower web page:

- whether more information is needed; and/or
- where FSRA considers you to be a Whistle-blower under the FSRA Act and will provide you with a written assurance of confidentiality.

Assurance of confidentiality

FSRA's assurance of confidentiality will be made available to Whistle-blowers, or to a Whistle-blower through their lawyers, via letter through FSRA's secure Whistle-blower web page. FSRA will provide Whistle-blowers with a written assurance of confidentiality only after their information is screened by FSRA and it is determined the Whistle-blower meets the requirements of the Whistle-blower Program as set out in this Guidance.

Whistle-blower records

FSRA is legally required to retain all records submitted to FSRA under the Whistle-blower Program. This includes information associated with individuals or entities who are not considered Whistle-blowers, not offered an assurance of confidentiality and who do not benefit from the protections under the Whistle-blower Program as outlined in this Guidance. FSRA will apply all available legal protections and will only disclose information submitted to it under the Whistle-blower Program where required or authorized by law.

Confidentiality

Whistle-blowers and lawyers representing Whistle-blowers should treat all information they provide to FSRA under the Whistle-blower Program as confidential, including their submissions and any information they acquire through their participation in the Whistle-blower Program.

Assistance

Whistle-blowers may be asked to assist FSRA by providing additional information as needed, as well as work with FSRA to locate information related to the Misconduct described in their application. This may include the Whistle-blower testifying at an enforcement proceeding where such disclosure is required.

Use of information

FSRA takes a progressive, measured and proportional approach to enforcement. This means that where a regulated entity or individual has not complied with regulatory requirements, FSRA will determine the appropriate action after considering the evidence and the unique circumstances of the non-compliance or non-adherence to a particular obligation, including the seriousness and nature of the contravention, risk to consumers and pension plan beneficiaries,

potential impact on stakeholders, nature of regulated entity or licensee, past behaviour, efforts to remediate and mitigate, and the need for deterrence. FSRA will strive to be measured in its approach to compliance and enforcement, assuming good faith by the regulated entity unless circumstances indicate otherwise.²⁴

As a result, FSRA may use the information submitted to it under the Whistle-blower Program, at its discretion, for any purpose related to its statutory mandate. However, FSRA is not required to use any information submitted to it under the Whistle-blower Program.

All information submitted to FSRA under the Whistle blower Program is collected under the authority of the FSRA Act.

Additional information

For questions about the Whistle-blower Program, this Guidance or the submission process in general, please refer to FSRA's website and Whistle-blower page.

About this guidance

This document is consistent with [FSRA's Guidance Framework](#). As Interpretation guidance, it describes FSRA's view of requirements under its legislative mandate (i.e., legislation). Non-compliance with the above Guidance can lead to enforcement action.

This Guidance is also an Approach. Approach Guidance describes FSRA's internal principles, processes and practices for enforcement action and the application of Chief Executive Officer discretion. Approach Guidance may refer to compliance obligations but does not in and of itself create a compliance obligation. Visit [FSRA's Guidance Framework](#) to learn more.

²⁴ FSRA's response to reprisals may not follow the principles outlined above in this paragraph if necessary to give effect to the purposes of the Whistle-blower Program, including encouraging and protecting Whistle-blowers.

Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 7(c)

Read Only Items—Article by Chris Donnelly, Manulife, on Canadian Life Insurance Regulation and Fair Treatment of Customers, In Canadian Insurance Regulation Reporter

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Stikeman Elliott Partner Stuart Carruthers brought to our attention the following:

Chris Donnelly, Snr Regulatory Counsel at Manulife (CAFII Member), has just published an attached original article on Cdn Life Insurance Regulation and FTC, in the Cdn Ins Regulation Reporter which I founded and edit. I had previously reviewed a draft of this. May be useful background and/or of interest

Stuart S. Carruthers

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A copy of the article is attached.

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

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• CANADIAN LIFE INSURANCE REGULATION AND THE FAIR TREATMENT OF CUSTOMERS •

Chris Donnelly, VP and Counsel, Regulatory and Public Affairs, Manulife
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To promote financial stability and public confidence, financial sector regulation focuses on both prudential and solvency requirements as well as market conduct expectations.

In Canada, provinces and territories oversee the sale of insurance and insurance intermediaries. Federal oversight is limited to the governance and prudential supervision of federally incorporated insurance companies. Some provinces have delegated prudential supervision of provincially chartered insurers to the federal regulator (the Office of the Superintendent of Financial Institutions or OSFI).

Provincial insurance regulators have published guidance on the topic of the fair treatment of customers (FTC Guidance). The FTC Guidance has generated discussion within the life insurance industry and between regulated entities and regulators as stakeholders try to develop a common understanding

of expectations related to FTC and its implementation. There has also been some confusion about whether the FTC Guidance changes the legal relationship between a regulated entity and its customers.

This paper is intended to contribute to the discussion about FTC by analyzing the nature of life insurance regulation in Canada, exploring the origins of FTC as a concept, and outlining an understanding of the objectives that regulators are trying to achieve. This analysis concludes that the FTC Guidance should be understood to be an articulation of regulatory expectations that regulators will use as a supervisory framework to assist in their oversight of the market conduct of insurers and intermediaries. The analysis also concludes that the FTC Guidance in itself neither changes the legal relationship between a regulated entity and its customers nor imposes a legal duty to treat customers ‘fairly’.

• In This Issue •

CANADIAN LIFE INSURANCE REGULATION
AND THE FAIR TREATMENT OF CUSTOMERS

Chris Donnelly..... 21



FAIR TREATMENT OF CUSTOMERS AND THE INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

FTC is a component of the Insurance Core Principles (ICPs)¹ that were adopted by the International Association of Insurance Supervisors (IAIS) after the global financial crisis of 2008-2009.

Established in 1994, more than 200 national and sub-national insurance regulators globally now

CANADIAN INSURANCE REGULATION REPORTER

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participate in the IAIS on a voluntary basis. The IAIS sets standards that are used by its membership to promote effective supervision, to maintain fair and stable insurance markets that benefit and protect policyholders, and to contribute to financial stability. In 1997, the IAIS adopted the Insurance Supervisory Principles which, in 2000, were updated and renamed the Insurance Core Principles (ICPs). The ICPs are frequently updated by the IAIS.

The IAIS is an association that establishes standards and best practices for use by national and sub-national regulators. These standards and best practices do not have force of law unless a jurisdiction chooses to implement the standard through legislation, regulation, or supervisory practice. The IAIS:

- is not a regulator or legislative body;
- does not supervise or have authority over national or sub-national insurance regulators; and
- does not supervise insurers or intermediaries.

However, the Group of Twenty countries (G20)² and Financial Stability Board (FSB)³ have established processes designed to encourage jurisdictions to adopt international standards for financial regulation including standards set by the IAIS. In 2010, FSB members committed to implement international standards and undergo an assessment under the IMF-World Bank Financial Sector Assessment Program (FSAP) every five years.⁴ FSB member commitment to implement international standards is not legally enforceable and has been somewhat inconsistent.

The IAIS strongly encourages member regulators to voluntarily adopt and implement guidelines developed by the association and to work to have national regulations changed to align with standards articulated by the IAIS. This encouragement is especially strong for those regulators who actively participate in the IAIS standard setting process. The fact that national regulators are subject to FSAP review also encourages implementation of IAIS standards in domestic regulation and supervisory practice.

The IMF coordinated FSAP reviews of Canada in 2013 and 2019. This review included an assessment

of whether Canada has adopted international standards for insurance regulation of which FTC is a component.

The timing of implementation of FTC by insurance regulators across Canada suggests that the primary purpose of issuing the FTC Guidance is to implement the ICPs in Canada to ensure that Canada's regulatory system is aligned with international standards. Insurance regulators have informed the industry that the FTC Guidance was not issued in response to actual market conduct issues or problems in Canada.

REGULATION OF LIFE AND HEALTH INSURANCE IN CANADA

In Canada, insurance is a subject of provincial and territorial jurisdiction. Accordingly, the sale of insurance contracts is governed by provincial and territorial law. These laws require insurers and intermediaries to be licenced to sell insurance for specific risks in each province and territory in which they do business. Further, licencees are overseen by the insurance regulator in that province or territory.

The common law jurisdictions (all provinces and territories except Quebec) each implemented the Uniform Life Insurance Act in 1962 which was followed by implementation of the Uniform Accident and Sickness Insurance Act in 1970. While some jurisdictions have updated insurance legislation over the intervening decades, to a significant extent the laws governing life and health insurance in the common law provinces have remained harmonized since the Uniform Acts were passed.

Canadian insurance regulators have a long history of collaborating to coordinate and promote a harmonized supervisory framework. As early as 1917, several provinces formed an "Association of Provincial Superintendents of Insurance of the Dominion of Canada" which over time was renamed and eventually expanded to include all provincial and territorial regulators and to also include OSFI as an associate member. In 1989, the association adopted the name "Canadian Council of Insurance Regulators" (CCIR).

Provincial and territorial insurance regulators supervise the market conduct of the insurers and insurance agents doing business in their province or territory. Provinces and territories also regulate/oversee the corporate governance and prudential regulation of insurers incorporated in their province. OSFI oversees the governance and prudential regulation of federally incorporated insurers but does not supervise market conduct. Some provinces have delegated prudential supervision of provincially incorporated insurers to OSFI.

Historically, life insurance was sold by agents who were employees of the life insurance company. As an employer, the life insurance company was responsible for the conduct of its agents. Today, the majority of life insurance agents in Canada are not employees of one company but have the ability to sell products of several life insurers, contracting directly with the insurer or working through a corporate agency often called a Managing General Agent (MGA). The relationships between the insurer, agent and MGA are governed by contract. However, life insurers have retained some responsibility for aspects of the conduct of intermediaries acting as their agent insofar as they are representing the insurer in the sale of insurance products and providing service to customers in relation to the insurance policy.⁵ This responsibility results in life insurers establishing processes to supervise the conduct of the agents who distribute their products. The common law responsibility means that life insurers may be sued by customers for damages arising from agent misconduct or negligence in the sale or servicing of the insurer's products.

The Canadian Life and Health Insurance Association (CLHIA) is a trade association that represents almost all life and health insurers licensed to do business in Canada. The CLHIA adopts guidelines that members are expected to follow as a condition of membership in the association. Unlike guidance issued by most trade associations, the CLHIA guidelines are considered quasi-regulatory by many insurers and many regulators. This is partially due to the fact that in the 1990s the CLHIA

assumed responsibility for maintaining supervisory guidance that had been previously issued by the CCIR. In developing or amending the CLHIA Guidelines, the association has traditionally sought input from the CCIR and many of the Guidelines have been adopted to address concerns or respond to issues originally raised or identified by CCIR. Many provincial regulators use the CLHIA Guidelines as evidence of industry best practice when overseeing insurer conduct, and regulators take a negative view of non-compliance with the Guidelines. In this way, CLHIA Guidelines have traditionally formed a part of the supervisory framework.

Regulatory guidance, like the FTC Guidance, is issued by CCIR or individual provincial or territorial regulators to articulate expectations and to provide regulated entities with a better understanding of how regulators will approach supervision. In regulating life insurance, provincial and territorial regulators generally take a principles-based and risk-based approach to supervision. This means that the regulator articulates expected outcomes but gives the regulated entities flexibility to implement processes designed to achieve those outcomes. Ongoing regulatory supervision often involves assessing whether a life insurer or intermediary has implemented effective strategies and whether they have processes in place to promote the outcomes expected by regulators.

FAIR TREATMENT OF CUSTOMERS: IMPLEMENTATION IN CANADA

Prior to the 2013 FSAP review of financial regulation in Canada, Quebec's insurance regulator, the Autorité des marchés financiers (AMF) issued the Sound Commercial Practices Guideline⁶ (SCP Guideline) which is broadly consistent with ICP 19 and represented the first implementation of FTC principles in Canada. The SCP Guideline articulates the AMF's expectations about how financial institutions will conduct their business to achieve the fair treatment of customers.⁷ Companies are expected to develop and implement strategies, policies and procedures that achieve the following 'commercial practices results':

- the institution's governance and corporate culture strongly support the implementation of measures designed to achieve the desired outcomes;
- new products are designed and marketed in ways that take into account the needs of the targeted customer(s);
- consumers have information that allows them to make informed decisions before, during and after purchase;
- compensation structures do not affect the achievement of the desired outcomes;
- marketing and advertising is accurate, clear and not misleading;
- both claims and complaints are examined diligently and settled fairly using a process that is simple and easy for clients to understand and follow; and
- personal customer information is protected appropriately.

The SCP Guideline notes that the AMF will supervise institutions to assess the effectiveness of the strategies, policies and procedures adopted and their oversight and controls in achieving the expected outcomes.⁸

Prior to the 2019 FSAPreview of financial regulation in Canada, the CCIR and the Canadian Insurance Services Regulatory Organizations (CISRO) issued guidance entitled "Conduct of Insurance Business and the Fair Treatment of Customers."⁹ The FTC Guidance is based on the IAIS ICPs and is more detailed than the SCP Guidance but closely aligned with respect to the expected outcomes.¹⁰ Like the IAIS, the CCIR is not a regulator but an association for Canada's provincial insurance regulators that, among other things, sets standards that guide supervisory practices. Many provincial insurance regulators have announced that they intend to incorporate the FTC Guidance into their supervisory framework.¹¹

In 2002, the Quebec "Act respecting Insurers" was updated to state that insurers must adhere to sound commercial practices including properly informing persons being offered a product or service and acting fairly in dealings with them. The law was reformulated

in 2019.¹² The current Quebec law also requires that an insurer be able to demonstrate to the AMF that it is adhering to sound commercial practices. Insurers who fail to comply with these requirements may be subject to fines.

In 2017, provincial regulators began a review of several life insurance companies to assess how company business practices aligned with FTC guidance and regulatory expectations. In 2021, the CCIR published an Observations Report¹³ setting out findings and making recommendations that provide more clarity about regulator expectations about how industry participants will structure their operations. The Observations Report provided additional detail about the types of practices regulators expect companies to have in place and found that insurers did not consistently have practices in place.

THE FAIR TREATMENT OF CONSUMERS AS A SUPERVISORY FRAMEWORK

Most provinces have adopted the fair treatment of customers into the supervisory framework by issuing or endorsing guidance that establishes regulatory expectations about the conduct of regulated entities.

There is an ongoing discussion within the sector and within the regulatory community about what should be done to implement FTC in the life insurance sector. As set out in the Observations Report, regulated entities already have many processes in place that align with FTC guidance — in relation to the handling of claims, complaints and customer information, for example — but there are opportunities to improve the consistency of practices within companies and across the industry.

Much of the guidance and ongoing discussion is focused on what insurance companies do in designing, marketing and selling products to customers, the ongoing interactions post-sale, and the eventual payment of insurance benefits. This has been described using the terms “customer journey” or the “product lifecycle.” There is an effort to examine each stage of the customer journey and identify outcomes that would align with FTC.

Industry participants would then examine what types of practices and processes they have in place to promote the achievement of these outcomes. It is expected that many of these practices are already in place, but some new practices may have to be adopted. In certain areas, this may require changes to CLHIA Guidelines or provincial regulation where there may be need to shift industry practice or market structures in ways that will improve the industry’s ability to achieve the FTC outcomes.

Once desired FTC outcomes are identified and practices have been identified, provincial and territorial regulators will likely expect regulated entities to embed changes in their processes to achieve the outcomes. Regulated entities that fail to implement these changes risk increased regulatory audits, reviews and recommendations and in some jurisdictions possible enforcement action resulting in orders, penalties or fines. It is likely that companies will have to report on their FTC programs as part of annual provincial/territorial regulatory reporting.

As noted above, Quebec’s insurance legislation requires insurers to adhere to sound commercial practices including providing appropriate information, adopting a policy for handling complaints and resolving disputes, and keeping a register of complaints. The legislation gives the Quebec regulator the power to assess an administrative monetary penalty against companies that fail to adopt a complaint processing policy or keep a register of complaints.¹⁴ Also, as noted above, Quebec in late 2021 launched a review of the SCP Guidance and is expected to reissue more detailed guidance.

This approach to implementing FTC is consistent with other aspects of the provincial and territorial regulatory framework governing life insurance. For example, regulators expect insurers to supervise contracted agents. This is expressed in Ontario where regulation requires the insurer to “establish and maintain a system that is reasonably designed to ensure that each agent complies with the Act, the regulations and the agents licence.”¹⁵ The FTC guidance and ongoing discussions evidence an expectation that in implementing FTC, insurers and

intermediaries will establish and maintain systems and business processes that are reasonably designed to promote the achievement of FTC outcomes for consumers.

In the future, FTC may provide a useful framework for examining how to adjust to innovation or market conduct that gives rise to regulatory concern. An emerging issue or concern could be examined to identify the consumer outcomes that would align with FTC, and the industry would be expected to adjust or adopt practices to ensure that insurers have business processes in place that are reasonably designed to promote FTC outcomes.

FTC AND THE LEGAL RELATIONSHIP BETWEEN INSURERS, INTERMEDIARIES AND CUSTOMERS

In Canada, the legal relationships between an insurer, an intermediary and a customer are established by contracts and the common (or civil) law. Insurance legislation may give customers certain rights or may override contractual provisions. Other statutes may give customers or intermediaries rights as well. Examples include provincial employment law in circumstances where the insurance agent is also an employee of the insurer, or provincial, territorial or federal human rights codes which may apply to insurer conduct or practices.

Insurers and customers owe certain duties to each other including the duty of utmost good faith, which includes a requirement for consumers to share information relevant to the risk being underwritten. Intermediaries in Canada have an obligation to avoid conflicts of interest and to deal fairly, honestly and in good faith with their customer (duty of care).¹⁶

Regulation, statute and laws pertaining to employees and agents result in life insurers having responsibility to oversee the conduct of intermediaries contracted to distribute their products and provide service to customers. Many intermediaries have contracts with multiple insurers and operate through one or more MGAs who, in arranging for the sale of insurance through their sub-agents also take on some day-to-

day oversight of these agents. Insurers generally are only responsible for specific aspects of intermediary conduct. Most intermediaries are licenced insurance agents with their own regulatory requirements and are directly overseen by the provincial regulator or insurance council.

Customers have contractual rights that are enforceable in court and may also sue an insurer or intermediary for breach of a common law duty (such as in negligence) or the agent's duty of care. Statute and regulation may establish required terms for insurance contracts or deem that the parties have certain rights under an insurance contract.

It is reasonably well settled law in Canada that a statutory breach does not create a right of action or give rise to civil liability.¹⁷ Provincial insurance statutes do not provide customers with a right of action where an insurer is in breach of supervisory guidance or a regulation. For example, a customer cannot sue an insurer for failure to properly obtain a licence or to implement compliance processes required by regulation. Only the provincial regulator can enforce these laws and regulations by seeking orders or penalties against a regulated entity.

The FTC Guidance is an articulation of regulator expectations about how regulated entities will conduct their business. Regulatory guidance cannot impact the nature of the legal relationship between insurer, intermediary and customer. The FTC Guidance does not form part of the legal duty of care which regulated entities owe their customers and does not grant customers a right of action founded in 'unfair treatment.' The FTC Guidance may inform a court's decision about the standard of reasonable conduct of an insurer or intermediary in a case of negligence but does not in and of itself create an enforceable right to be treated 'fairly.'

Quebec's insurance legislation has been amended to embed specific requirements related to FTC. The legislation does not grant a customer a right of action against an insurer or intermediary on the basis of 'unfair treatment.' The Quebec legislation gives the regulator the ability to sanction regulated entities

that are acting in ways that are inconsistent with the legislative provision.

Making a change to the legal duties owed by insurers, intermediaries and clients would require explicit legislation which would represent a significant realignment of the standard of care and a correspondent increase in potential legal liability for insurers and intermediaries. These types of fundamental changes cannot be implemented through regulatory guidance or supervisory practice.

A legislature examining changes to the duty of care would have to consider whether a standard of ‘fair’ is an appropriate or enforceable standard. The definition of fair in any given circumstance can be highly subjective and would not seem to provide much guidance to consumers or regulated entities about what is appropriate. The legislature would also have to consider the impact of such a vague standard on the potential liability and commercial viability of the regulated entities being held subject to such an uncertain standard.

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¹ ICP 19 states: “The supervisor requires that insurers and intermediaries, in their conduct of insurance business, treat customers fairly, both before a contract is entered into and through to the point at which all obligations under a contract have been satisfied.”

² <http://www.g20.utoronto.ca/docs/g20history.pdf>: “In September 1999, the finance ministers and central bank governors of the Group of Seven countries (the G-7) announced their intention to “broaden the dialogue on key economic and financial policy issues among systemically significant economies and promote co-operation to achieve stable and sustainable world economic growth that benefits all.” This announcement

marked the official birth of what subsequently became known as the Group of Twenty countries (the G-20). This new international group was launched primarily to address challenges to international financial stability posed by the widening crisis in emerging economies that had begun in Asia in 1997.”

³ The G-20 created the Financial Stability Board (FSB) in 2009 by expanding the membership and mandate of the Financial Stability Forum. <https://www.fsb.org/history-of-the-fsb/> The FSB helps coordinate global financial policymaking to promote financial stability.

⁴ <https://www.fsb.org/about/leading-by-example/>.

⁵ Whether the insurer is responsible for the conduct of the advisor is dependent on the facts including whether or not they were acting as the agent of the insurer or as an agent of the client and were acting in the scope of their authority.

⁶ https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf.

⁷ Interestingly at page 6 of the SCP Guideline, the AMF states that it expects the sound commercial practices principles to apply beyond interactions with clients to include “any other market participant with an interest in the institution (e.g., shareholders, partners, counterparties, market analysts and regulatory bodies)”.

⁸ In October 2021, the AMF launched a consultation and issued a revised draft of the SCP Guidelines which may result in new guidance being issued in 2022 which is expected to build onto the existing guidance, expand the scope of the guidance and also provide more detailed expectations. The AMF has confirmed to the industry that it intends, to the extent possible, to harmonize the guidance adopted by other provincial regulators.

⁹ <https://www.ccir-ccra.org/Documents/View/3450>.

¹⁰ The AMF’s articulation of expected outcomes is similar to but not identical to the expectations later articulated by the CCIR. This paper is intended to explain the origins of the fair treatment of customers as a supervisory framework and the impact, if any, on the legal relationship between regulated entities and their customers or other market participants. In the interest of brevity and readability, this paper does not analyze the differences between the AMF SCP Guideline and the subsequent CCIR FTC Guidance or consider what

actual measures a company may want to implement to achieve the outcomes articulated by regulators.

¹¹ <https://novascotia.ca/finance/site-finance/media/finance/insurance/Bulletin-2018-Fair-Treatment-of-Customers.pdf>; <https://www.bcfsa.ca/media/1240/download>.

¹² <http://legisquebec.gouv.qc.ca/en/ShowDoc/cs/A-32.1> see section 50.

¹³ 3669 (ccir-ccrra.org).

¹⁴ Ibid, section 429.

¹⁵ Section 12 O. Reg. 347/04: AGENTS (ontario.ca).

¹⁶ For a discussion of intermediary duty of care see <https://www.advisor.ca/my-practice/conversations/duty-of-care/#:~:text=A%20duty%20of%20care%2C%20>

requiring,of%20the%20clients'%20securities%20transactions.

¹⁷ *The Queen (Can.) v. Saskatchewan Wheat Pool*, [1983] 1 S.C.R. 205 where the Supreme Court held that the “civil consequences of breach of statute should be subsumed in the law of negligence and the notion of a nominate tort of statutory breach, giving a right to recovery merely on proof of breach and damages, should be rejected, as should the view that unexcused breach constitutes negligence *per se* giving rise to absolute liability. Proof of statutory breach, causative of damages, may be evidence of negligence and the statutory formulation of the duty may afford a specific, and useful, standard of reasonable conduct.”

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Briefing Note

CAFII EOC Meeting 17 May, 2022—Agenda Item 7(d)

Read Only Items – AMF 2022-23 Annual Statement of Priorities (Released May 2/22)

Purpose of this Agenda Item—*Update*

This is a read only item.

Background Information

The AMF released its 2022-23 Annual Statement of Priorities on May 2/22, via an eblast to stakeholders, and posted the document on its website in French and English, noting the strong connection between this document and the Autorite's 2022-25 Strategic Plan.

Recommendation / Direction Sought – *Endorsement*

This is a read only item.

Attachments Included with this Agenda Item

2 attachments (English and French versions).

2022
2023

Énoncé annuel des priorités

167

L'Autorité des marchés financiers (l'« Autorité ») publie son énoncé des priorités afin d'informer l'industrie et le grand public des principales initiatives établies par celle-ci au cours de la période allant du 1^{er} avril 2022 au 31 mars 2023. Ces initiatives s'inscrivent dans le cadre de la mise en œuvre du [Plan stratégique 2021-2025](#) de l'organisation et de la vision qu'elle s'est donnée : « Une Autorité à valeur ajoutée pour le consommateur et le secteur financier. »

Orientation 01

UN RÉGULATEUR PROACTIF ET PERTINENT POUR LE CONSOMMATEUR DANS UN ENVIRONNEMENT EN CONSTANTE ÉVOLUTION

Services d'assistance

- L'Autorité continuera de déployer des efforts importants afin de réviser et bonifier l'offre de ses services d'assistance en fonction du type de clientèle desservie afin de répondre encore plus efficacement aux besoins spécifiques de chacun. L'Autorité expérimentera de nouveaux canaux de services pour les consommateurs, dont la possibilité de prendre rendez-vous avec des membres du personnel de son centre d'information et ainsi offrir plus de flexibilité à sa clientèle.
- L'Autorité procédera à une refonte de ses registres des entreprises et des individus autorisés à exercer afin notamment d'offrir aux consommateurs des informations plus claires, détaillées et pertinentes.
- L'Autorité entend mettre en œuvre un encadrement harmonisé du traitement des plaintes et du règlement des différends au sein du secteur financier. Ce projet a notamment pour objectif de simplifier le processus de traitement des plaintes pour les consommateurs de produits et utilisateurs de services financiers, et de renforcer le traitement équitable de ces plaintes. La mise en œuvre de cet encadrement fait suite au processus de consultation complété lors de l'exercice 2021-2022. Par ailleurs, l'Autorité finalisera ses travaux sur le développement d'un gabarit de politique de traitement de plaintes qui pourra être adoptée par les personnes assujetties à la *Loi sur la distribution de produits et services financiers* (LDPSF).
- L'Autorité demeure engagée dans la lutte contre la maltraitance financière. Elle poursuivra ainsi son implication dans le cadre du Plan d'action gouvernemental pour contrer la maltraitance envers les personnes âgées. Les mesures à être mises en œuvre par l'Autorité seront annoncées au cours de l'été 2022.

Éducation financière

- L'Autorité déploiera de nouvelles initiatives visant à sensibiliser, informer et assister les consommateurs relativement aux risques associés aux cryptoactifs.
- Par l'entremise de son Programme de partenariats stratégiques en éducation financière, sensibilisation et recherche, l'Autorité veut accroître ses connaissances en matière de comportements financiers des consommateurs et, à terme, partager le fruit de ses découvertes, notamment avec les intervenants du secteur financier. À ce titre, l'Autorité procédera à un appel de projets d'ici la fin de l'année.
- L'Autorité publiera les résultats de son nouvel Indice Autorité, un sondage mené auprès des consommateurs québécois à l'égard de leurs comportements financiers. Ce nouvel Indice Autorité sera utile pour guider les choix de l'organisation en ce qui a trait à ses axes prioritaires en éducation financière.

01 Un régulateur proactif et pertinent pour le consommateur dans un environnement en constante évolution

Surveillance et encadrement

- L'Autorité poursuivra la réalisation d'interventions transversales sur des questions ciblées dans le cadre de ses activités de surveillance, notamment avec la tenue d'une consultation et le réexamen du cadre légal balisant les obligations des assureurs à l'égard des produits d'assurance offerts par les associations étudiantes.
- L'Autorité déploiera également des formulaires auprès des institutions de dépôts qu'elle encadre afin de collecter de l'information visant à évaluer en continu le respect de ses attentes en matière de saines pratiques commerciales.
- L'Autorité poursuivra sa surveillance à l'égard de l'écosystème des cryptoactifs. Elle rehaussera sa capacité d'intervention par l'augmentation des effectifs qui s'y consacrent et le déploiement de nouveaux outils de détection et d'analyse de stratagèmes liés aux cryptoactifs.
- L'Autorité poursuivra également, de concert avec les ACVM, ses travaux d'encadrement en lien avec l'inscription des plateformes de négociation de cryptoactifs assujetties à la législation en valeurs mobilières, et l'évaluation des nouveaux produits et services liés aux cryptoactifs qui pourraient déclencher l'application de la législation en valeurs mobilières.
- L'Autorité continuera d'approfondir sa compréhension des différents volets de la transformation numérique de l'industrie et de l'impact de ces changements sur la protection des consommateurs de produits et utilisateurs de services financiers. Ces travaux de recherche et de vigie, dont plusieurs sont réalisés en collaboration avec des chercheurs, des membres de l'industrie ou d'autres régulateurs, porteront notamment sur la ludification de l'investissement, les applications de l'intelligence artificielle dans le secteur financier et la finance décentralisée.

Mise en application des lois

- L'Autorité continuera de prioriser le développement d'outils technologiques performants visant à accroître sa capacité à détecter, enquêter et faire sanctionner les infractions aux lois et règlements qu'elle administre, en particulier celles commises par l'entremise d'Internet et des réseaux sociaux. Ces derniers sont des environnements particulièrement propices à la fraude en raison notamment de la possibilité d'agir de manière anonyme et de la capacité à joindre facilement et rapidement un grand nombre de victimes potentielles. De plus, l'Autorité continuera d'optimiser l'utilisation de ses outils de détection et d'enquête en matière de délits d'initiés et de manipulation de marchés par l'intégration, le traitement et l'analyse de nouvelles sources de données, telles que les déclarations de placement sur le marché dispensé et les déclarations d'opérations des initiés.

Orientation 02

UN RÉGULATEUR INFLUENT EN APPUI AU SECTEUR FINANCIER QUÉBÉCOIS

Charge de conformité

- L'Autorité poursuivra ses travaux d'optimisation de la charge de conformité de ses clientèles assujetties en tenant compte des circonstances, des secteurs d'activités et des risques pour les consommateurs. Ces travaux s'appuieront notamment sur les résultats des consultations effectuées par l'Autorité auprès de parties prenantes au cours de l'exercice 2021-2022. Notamment, l'Autorité :
 - poursuivra ses travaux d'optimisation des exigences d'entrée en carrière des clientèles assujetties à la LDPSF, incluant la période probatoire, et consultera l'industrie sur les solutions possibles;
 - fera le bilan des consultations particulières menées au premier trimestre de 2022 sur l'offre de produits et services financiers par Internet et évaluera l'opportunité de proposer des modifications réglementaires;
 - lancera une consultation sur des modifications réglementaires relatives aux activités externes des représentants des inscrits assujettis à la LDPSF ainsi qu'à l'assurance responsabilité professionnelle des représentants et des inscrits assujettis à la LDPSF;
 - reverra le processus de consultation de l'encadrement prudentiel et réglementaire applicable aux institutions financières en partageant en amont avec les institutions financières les calendriers de planification des dossiers normatifs et réglementaires et en procédant à des préconsultations sur les sujets prioritaires;
 - amorcera des travaux visant à simplifier la procédure d'agrégation des données par les institutions financières aux fins des diverses divulgations devant lui être transmises.
- De concert avec les ACVM, l'Autorité poursuivra ses travaux sur différents projets visant la simplification ou l'allègement du cadre réglementaire, notamment :
 - la publication, pour consultation, de modifications à la réglementation visant à faciliter la transmission électronique de documents, et l'énonciation de précisions et de directives additionnelles pour permettre aux émetteurs de réduire davantage l'utilisation du papier et les coûts qui y sont associés;
 - l'analyse des commentaires reçus sur le projet de simplification des exigences de divulgation continue applicables aux sociétés visant notamment l'élimination d'information répétitive comprise aux états financiers, au rapport de gestion et à d'autres documents prévus en annexe au *Règlement 51-102 sur les obligations d'information continue*;
 - la publication finale et l'entrée en vigueur d'une dispense de prospectus destinée à faciliter l'accès des émetteurs aux marchés publics en utilisant l'information continue des sociétés en lieu et place d'un prospectus;
 - la publication, pour commentaires, de modifications à la réglementation pour permettre un mécanisme accéléré d'obtention d'un visa pour les émetteurs canadiens de grande taille;
 - la simplification de certaines exigences applicables aux fonds d'investissement dans le cadre de diverses initiatives, notamment un projet de modernisation du modèle de dépôt de prospectus applicable aux fonds d'investissement, comme annoncé le 27 janvier 2022, dont la première étape visera à permettre aux fonds d'investissement de déposer un nouveau prospectus tous les deux ans plutôt qu'annuellement, et la deuxième constituera en une consultation sur un nouveau mode de dépôt préalable;

02 Un régulateur influent en appui au secteur financier québécois

- la publication de modifications réglementaires visant à alléger les obligations concernant la déclaration des opérations applicables aux participants au marché des dérivés de gré à gré et, dans le contexte de la préparation à la mise en œuvre du cycle de règlement de un jour, à simplifier les obligations de rapport applicables aux sociétés inscrites concernant l'appariement et le règlement des opérations institutionnelles en valeurs mobilières.
- L'Autorité continuera d'améliorer son approche d'inspection avec le déploiement d'une nouvelle matrice d'inspection et l'optimisation de l'extraction de données internes relatives aux déclarations de placements sur les marchés dispensés. Ces outils permettront de mieux cibler les inspections en utilisant de manière plus efficiente les données disponibles à l'aide d'algorithmes et le recoupement de données.

Encadrement

- Suivant sa nomination à la présidence des Organismes canadiens de réglementation en assurance (OCRA), l'Autorité travaillera au renforcement de la collaboration entre les membres des OCRA, en plus de favoriser la contribution des parties prenantes. L'Autorité pilotera également les travaux de réflexion et d'élaboration d'un nouveau plan stratégique tout en contribuant à la mise en œuvre des initiatives du plan actuel, dont l'arrivée à terme est prévue pour mars 2023.
- L'Autorité, en collaboration avec le Conseil canadien des responsables de la réglementation d'assurance (CCRRA), les ACVM et les OCRA, poursuivra ses travaux réglementaires et normatifs visant l'adoption d'une approche harmonisée en matière de communication aux investisseurs de toute l'information pertinente liée aux coûts totaux et au rendement des placements des fonds d'investissement et des fonds distincts.
- En collaboration avec le CCRRA et les OCRA, l'Autorité :
 - lancera une consultation publique portant sur les commissions à la vente versées aux intermédiaires en assurance dans le domaine des fonds distincts à la suite de l'annonce, le 10 février 2022, de l'abolition des frais d'acquisition reportés en matière de fonds distincts;
 - poursuivra les travaux de développement d'une ligne directrice pancanadienne encadrant l'offre de fonds distincts. Des travaux spécifiques s'ensuivront pour intégrer les orientations développées dans l'encadrement réglementaire et normatif du Québec;
 - finalisera le développement d'une ligne directrice pancanadienne portant sur la gestion des incitatifs en assurance.
- L'Autorité contribuera aux travaux des OCRA et du Conseil canadien des autorités de réglementation des courtiers hypothécaires (CCARCH) visant la publication de bonnes pratiques relatives à la cybersécurité et à la gestion d'incidents de sécurité de l'information.
- L'Autorité poursuivra, de concert avec les ACVM, les travaux concernant la création d'un nouvel organisme d'autorégulation pour le secteur de l'investissement ainsi que d'un nouveau fonds de protection des épargnants. Selon le calendrier actuel, les opérations nécessaires au regroupement de l'Association canadienne des courtiers de fonds mutuels (ACFM) et de l'Organisme canadien de réglementation du commerce des valeurs mobilières (OCRCVM) devraient être complétées d'ici la fin de 2022. Afin de tenir compte du contexte réglementaire propre au Québec et de faciliter la transition, l'Autorité poursuivra les échanges au sein d'un forum qu'elle a instauré, réunissant des représentants de la Chambre de la sécurité financière, de la section du Québec de l'OCRCVM et du Conseil des fonds d'investissement du Québec.

Fintechs et innovation

- L'Autorité amorcera la planification des étapes et la priorisation des travaux à mettre en œuvre pour faire suite aux recommandations de son Rapport sur l'utilisation responsable de l'intelligence artificielle en finance.
- L'Autorité entend par ailleurs contribuer activement aux travaux sur les finances axées sur le client qui seront entrepris par le ministère des Finances du Canada et d'autres intervenants du système bancaire ouvert.
- L'Autorité évaluera l'opportunité de faire évoluer son encadrement des risques liés aux cryptoactifs, sous l'angle de la gestion saine et prudente et des saines pratiques commerciales attendues des institutions financières. Par ailleurs, l'Autorité continuera d'effectuer une vigie des développements dans l'écosystème des cryptoactifs, et poursuivra sa réflexion quant à l'évolution, le cas échéant, de l'encadrement réglementaire. L'Autorité mènera ces travaux de réflexion en étroite collaboration avec ses partenaires nationaux et internationaux, notamment en ce qui a trait à l'environnement des jetons stables (en anglais, *stablecoin arrangements*).

Enjeux environnementaux, sociaux et de gouvernance

- L'Autorité continuera d'exercer son leadership de réflexion et d'action sur les questions de finance durable. Elle entamera ou poursuivra ses travaux sur différents projets visant l'intégration des facteurs environnementaux, sociaux et de gouvernance (ESG) dans les activités et décisions financières, notamment :
 - le développement d'un encadrement spécifique pour la divulgation d'information liée aux questions climatiques pour les émetteurs assujettis et les institutions financières;
 - l'utilisation de l'analyse de scénarios et d'exercices de tension au sein des institutions financières en lien avec les risques physiques et de transition liés au changement climatique;
 - l'amorce d'un dialogue, de concert avec les ACVM, avec des représentants de communautés autochtones en vue d'évaluer avec eux si les besoins et préoccupations de leurs communautés sont adéquatement reflétés dans l'encadrement actuel;
 - la réflexion, de concert avec les ACVM, sur les changements nécessaires au cadre d'information actuel en matière de diversité au sein des conseils d'administration et dans les postes de haute direction des émetteurs assujettis;
 - la réflexion sur les questions de diversité, d'équité et d'inclusion au sein des institutions financières.

Orientation 03

UN RÉGULATEUR PERFORMANT DANS LA RÉALISATION DE SA MISSION

Stratégie des données

- L'Autorité poursuivra ses travaux visant à maximiser l'utilisation de ses données afin d'accroître sa performance opérationnelle. Ces travaux viseront, pour l'année en cours, le développement ou la mise à jour de ses politiques en matière de gouvernance des données, le déploiement du cadre pour le développement en milieu utilisateur, le développement et l'opérationnalisation des politiques et procédures sur la valorisation des données en milieu utilisateur et le déploiement de plans de formation pour le personnel de l'organisation.
- L'Autorité finalisera la réalisation de son architecture cible d'intelligence d'affaires ainsi que la mise en place de sa plateforme analytique centralisée. Ce projet permettra à l'Autorité de renforcer sa capacité de collecter, d'analyser et de sécuriser les données, et d'améliorer la diffusion et la présentation de celles-ci.

Gestion des risques et de la capacité organisationnelle

- L'Autorité poursuivra ses travaux entamés en 2021-2022 visant le développement de son programme de gestion intégrée des risques afin que celui-ci puisse évoluer conformément aux meilleures pratiques.
- Pour assurer leur alignement à ses priorités organisationnelles, l'Autorité actualisera ses critères et mécanismes de priorisation de ses projets. De plus, elle poursuivra le déploiement de son outil de gestion de capacité au sein des différents secteurs d'affaires de l'organisation.

Modernisation des systèmes informationnels

- L'Autorité démarrera un projet visant à déployer une nouvelle solution de traitement des plaintes. Ce système informationnel, en plus de moderniser la réception des plaintes, permettra d'améliorer les outils des équipes visant la détection des problèmes potentiellement systémiques, de mieux évaluer le risque et de réaliser des interventions plus ciblées.
- L'Autorité poursuivra l'intégration des processus opérationnels de la Surintendance des marchés de valeurs à son progiciel de gestion intégrée et à la plateforme SEDAR+. À terme, cette intégration permettra d'améliorer le traitement des dépôts, déclarations et paiements effectués par les assujettis conformément à la réglementation applicable.
- L'Autorité poursuivra ses efforts visant à se doter d'une solution intégrée de gestion de l'information corporative. Cette solution permettra d'assurer le respect de ses obligations à titre d'organisme public, de soutenir le travail collaboratif des équipes et d'assurer un environnement informationnel de qualité. L'année 2022-2023 sera marquée par des travaux amorçant l'implantation d'une solution technologique et par le déploiement d'une nouvelle gouvernance en gestion de l'information visant à rehausser les connaissances des utilisateurs à l'égard des meilleures pratiques en la matière.

Orientation 04

UN RÉGULATEUR SOUCIEUX DE SON CAPITAL HUMAIN

Organisation du travail du futur

- L'Autorité déploiera son nouveau mode hybride d'organisation du travail. La mise en œuvre de ce nouveau mode a pour objectif de perpétuer les bénéfices du télétravail tout en permettant de redécouvrir et de cultiver les vertus du travail en personne. Le mode hybride permettra d'offrir une expérience globale misant sur la flexibilité et l'autonomie, tout en continuant d'être en adéquation avec les besoins d'affaires pouvant requérir une présence physique sur les lieux de travail.

Marque employeur

- L'Autorité poursuivra ses travaux afin d'établir et d'affirmer sa marque employeur. Plus précisément, elle élaborera sa « proposition de valeur employé », établira une stratégie de promotion de celle-ci et déploiera les efforts nécessaires à sa mise en œuvre. À terme, la marque employeur de l'Autorité lui permettra de rayonner encore davantage, tant auprès de ses employés que de futurs candidats.

Formation et développement

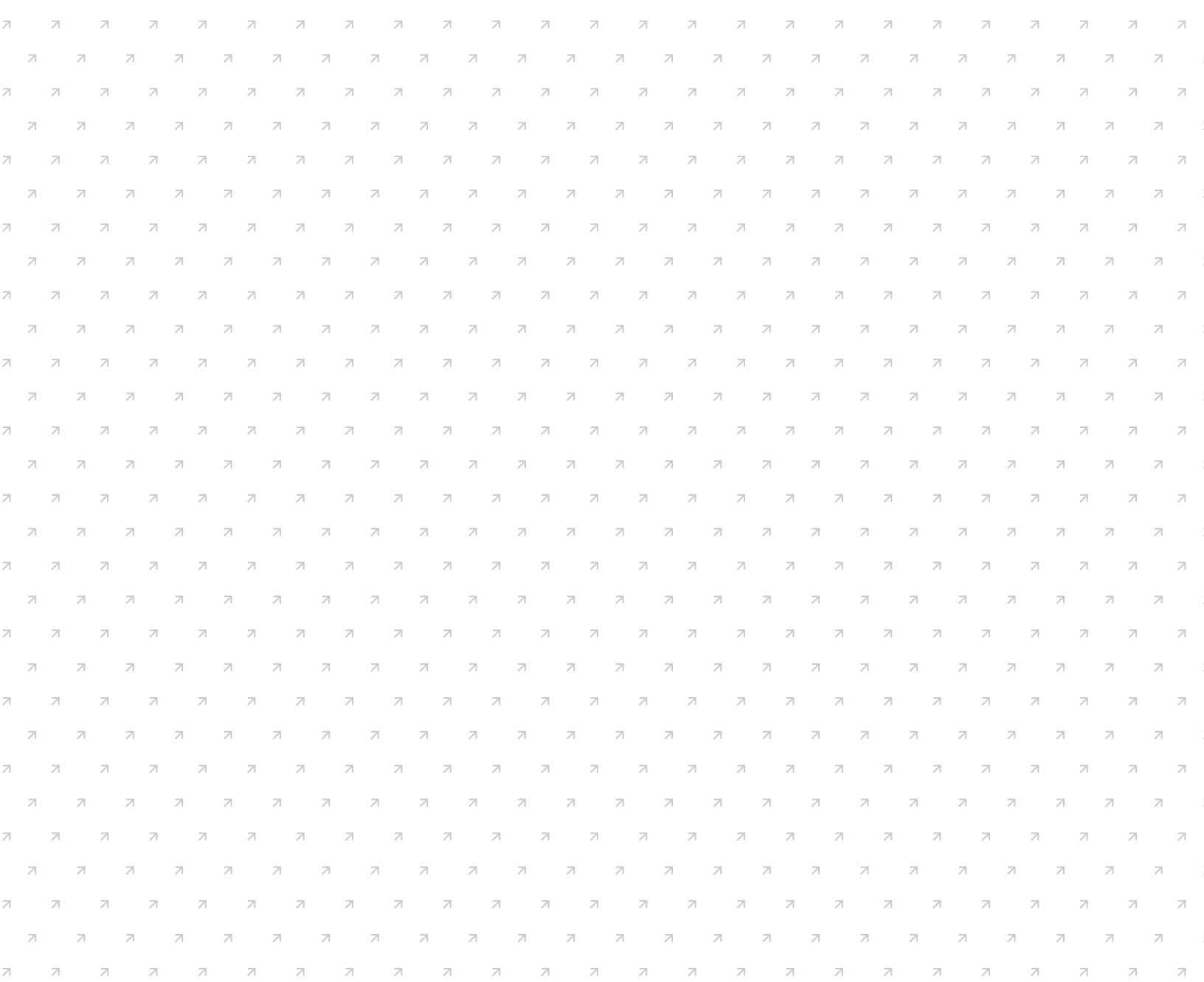
- L'Autorité encouragera ses employés à développer leurs compétences afin de réaliser leurs objectifs professionnels et d'optimiser leur potentiel. Pour ce faire, l'Autorité misera sur les approches d'apprentissage en continu. Dans ce contexte, elle bonifiera son catalogue de formation et concevra des plans de formation visant certaines expertises, notamment la valorisation des données, la cybersécurité et les cyberenquêtes.

Approches et modes de gestion

- L'Autorité continuera de porter une attention particulière au développement des habiletés de direction de ses gestionnaires au moyen de parcours de développement adaptés afin de promouvoir une compréhension commune du leadership, de les soutenir dans l'appropriation de leur style de leadership et de créer un sentiment de communauté, de partage et d'échange entre eux.

Diversité, équité et inclusion

- L'Autorité poursuivra son engagement à offrir à ses employés un environnement qui favorise la diversité et l'inclusion. Afin de maximiser l'apport en compétences et expériences variées, elle mettra en œuvre son programme de diversité et inclusion. Celui-ci permettra de mieux cerner et analyser les interactions culturelles, de développer la capacité d'agir en contexte de diversité et de favoriser la prise de conscience du rôle et de la responsabilité de chacun. En priorité, l'Autorité vise à mettre en valeur la diversité dans le cadre de certains de ses processus clés (dotation, intégration en emploi, etc.).



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2022
2023

Annual Statement of Priorities

The Autorité des marchés financiers (the “AMF”) is publishing its statement of priorities to inform the industry and the general public about its key initiatives for the period from April 1, 2022 to March 31, 2023. These initiatives form part of the implementation of the organization’s [2021-2025 Strategic Plan](#) and the vision it has set for itself: “A value-added regulator for consumers and the financial sector.”

Orientation 01

A PROACTIVE REGULATOR THAT IS RELEVANT TO CONSUMERS IN AN EVER-CHANGING ENVIRONMENT

Assistance services

- The AMF will continue to focus significant efforts on reviewing and enhancing its assistance services by type of clientele in order to even more effectively meet each clientele's specific needs and will test new service delivery channels for consumers, including an option to make appointments with staff of the AMF Information Centre and thereby provide greater flexibility to its clients.
- The AMF will redesign its registers of firms and individuals authorized to practise so that consumers benefit from clearer and more detailed and relevant information.
- The AMF intends to implement, further to the consultation process completed in 2021-2022, a harmonized framework for processing complaints and resolving disputes within the financial sector. The main aim of this project is to simplify the complaint process for consumers and users of financial products and services and strengthen the fair processing of such complaints. The AMF will also complete the development of a complaint processing policy template for use by persons subject to the *Act respecting the distribution of financial products and services* (Distribution Act).
- The AMF remains committed to combating financial mistreatment. It will therefore continue its involvement in the Governmental Action Plan to Counter Mistreatment of Older Adults. The actions the AMF will be taking will be announced to the public during the summer of 2022.

Financial education

- The AMF will roll out new initiatives to educate, inform and assist consumers with respect to the risks associated with cryptoassets.
- The AMF, through its Strategic Financial Education, Outreach and Research Partnerships Program, wants to further develop its knowledge of consumer financial behaviours and then share its findings, particularly with financial sector participants. The AMF will issue a call for projects for this purpose by the end of the year.
- The AMF will publish the findings of its new AMF Index, a survey on Québec consumers' financial behaviours. The new AMF Index will help guide the organization in identifying priority areas in financial education.

01 A proactive regulator that is relevant to consumers in an ever-changing environment

Oversight and supervision

- The AMF will continue to conduct cross-sectional analyses of targeted issues as part of its oversight activities. This will involve, in particular, holding a consultation and reviewing the legal framework that sets out insurers' obligations regarding insurance products offered by student associations.
- The AMF will roll out forms to the deposit institutions to the deposit institutions it regulates so that it can collect information to assess compliance with its expectations regarding sound commercial practices on an ongoing basis.
- The AMF will continue to monitor the cryptoasset ecosystem. It will expand its response capabilities by increasing staff in this area and rolling out new tools to detect and analyze cryptoasset schemes.
- The AMF will also continue to work with the CSA to develop a framework for the registration of cryptoasset trading platforms that are subject to securities legislation and to assess new cryptoasset products and services that might trigger the application of securities legislation.
- The AMF will continue to further its understanding of the various aspects of the digital transformation of the industry and the impact of changes on the protection of consumers and users of financial products and services. This research and monitoring work, much of it done in collaboration with researchers, industry participants and other regulators, will focus on the gamification of investing, applications of artificial intelligence in the financial sector and decentralized finance.

Enforcement

- The AMF will continue to prioritize the development of high-performance technology-based tools to increase its ability to detect, investigate and seek sanctions for violations of the laws and regulations it administers, including offences committed via the Internet and social media. The Internet and social media are especially conducive to fraud because fraudsters can act anonymously and reach a large number of potential victims quickly and easily. The AMF will also continue to optimize the use of its insider trading and market manipulation detection and investigation tools by incorporating, processing and analyzing new data sources such as exempt market distribution and insider trading reports.

Orientation 02

AN INFLUENTIAL REGULATOR SUPPORTING QUÉBEC'S FINANCIAL SECTOR

Compliance burden

- The AMF will continue to work on reducing the compliance burden on its regulated clienteles while taking circumstances, areas of activity and risks for consumers into account. This work will be based, in part, on the outcomes of the consultation that the AMF held with stakeholders in fiscal 2021-2022. In particular, the AMF will:
 - continue to optimize the career entry requirements, including probationary periods, for clienteles that are subject to the Distribution Act and to consult the industry on potential solutions;
 - take stock of the specific consultations conducted in Q1 2022 on financial products and services offered via the Internet and assess whether regulatory amendments should be proposed;
 - launch a consultation on regulatory amendments relating to the outside activities of representatives of registrants governed by the Distribution Act and to the professional liability insurance of representatives and registrants subject to the Act;
 - review the consultation process for the prudential and regulatory framework applicable to financial institutions while sharing the planning calendars for normative and regulatory projects with financial institutions upstream and launching pre-consultations on priority issues;
 - start work on streamlining the procedure by which financial institutions aggregate data for the various disclosures required to be submitted to the AMF.
- The AMF will continue to work with the CSA on various projects intended to simplify or relax the regulatory framework, including:
 - publication for comment of regulatory amendments to facilitate the electronic delivery of documents and the provision of additional clarification and guidance to enable issuers to further reduce the use of paper and the associated costs;
 - analysis of input on the project to simplify continuous disclosure requirements for companies, which is intended to eliminate duplicative disclosure among the financial statements, management's discussion and analysis (MD&A) and the other forms of Regulation 51-102 respecting Continuous Disclosure Obligations;
 - final publication and coming into effect of a prospectus exemption intended to facilitate issuers' access to the public markets through reliance on companies' continuous disclosure instead of a prospectus;
 - publication for comment of proposed regulatory amendments to enable large companies to obtain a receipt on an accelerated basis;
 - simplification of certain requirements applicable to investment funds as part of various initiatives, including a project to modernize the prospectus filing model for investment funds, as announced on January 27, 2022, the first stage of which will focus on allowing investment funds to file a new prospectus every two years instead of on an annual basis and the second stage of which will consist of a consultation on a new shelf prospectus filing method;
 - publication of regulatory amendments to relax the trade reporting requirements for OTC market participants and, in the context of preparing for the implementation of T+1 settlement, to simplify the reporting requirements for registered firms relating to institutional trade matching and settlement.

02 An influential regulator supporting Québec's financial sector

- The AMF will continue to improve its inspection approach by deploying a new inspection matrix and optimizing the extraction of internal data relating to exempt market distribution reports. These tools will enable more targeted inspections by making more effective use of available data through the application of algorithms and data analytics.

Framework

- Further to its appointment as chair of the Canadian Insurance Services Regulatory Organizations (CISRO), the AMF will work to strengthen cooperation among CISRO members and promote stakeholder input. The AMF will also lead work to consider and develop a new strategic plan, while at the same time helping implement initiatives under the current plan, which is scheduled to expire in March 2023.
- The AMF, in collaboration with the Canadian Council of Insurance Regulators (CCIR), the CSA and CISRO, will continue its regulatory and normative work to adopt a harmonized approach to disclosure to investors of all relevant information related to total costs and performance by investment funds and segregated funds.
- Together with the CCIR and CISRO, the AMF will:
 - launch a public consultation on sales commissions paid to insurance intermediaries in the segregated funds field further to the February 10, 2022 announcement that deferred sales charges were being eliminated for segregated funds;
 - continue to develop a cross-Canada guideline for segregated fund sales. After this is done, specific work will be carried out to incorporate the developed guidance into Québec's regulatory and normative framework;
 - finalize the development of a cross-Canada incentives management guideline in insurance.
- The AMF will contribute to the work of CISRO and the Mortgage Brokers Council of Canada (MBRCC) toward the publication of cybersecurity and information security incident management good practices.
- The AMF will continue to work in concert with the CSA on the creation of a new self-regulatory organization for the investment sector and a new investor protection fund. Under the present timetable, the corporate transactions necessary to amalgamate the Mutual Fund Dealers Association of Canada (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC) are expected to be completed by the end of 2022. To address the specific regulatory landscape in force in Québec and facilitate the transition, the AMF will continue to hold discussions as part of a forum it has established, bringing together representatives of the Chambre de la sécurité financière, IIROC's Québec District and the Conseil des fonds d'investissement du Québec.

Fintechs and innovation

- The AMF will begin sequencing and prioritizing the actions to take in regard to the recommendations from its Report on the responsible use of artificial intelligence in finance.
- The AMF also intends to actively contribute to the work on consumer-directed finance that will be undertaken by the Department of Finance Canada and other open banking stakeholders.
- The AMF will evaluate the appropriateness of further developing its framework for cryptoasset exposures through the lens of the sound and prudent management practices and sound commercial practices that financial institutions are expected to apply. In addition, the AMF will continue to monitor developments in the cryptoasset ecosystem and to reflect on what changes, if any, are needed to the regulatory framework. The AMF will carry out this process of reflection in close collaboration with its national and international partners, particularly with respect to stablecoin arrangements.

02 An influential regulator supporting Québec's financial sector

Environmental, social and governance issues

- The AMF will continue to provide thought and action leadership on sustainable finance matters. It will undertake or continue work on various projects to incorporate environmental, social and governance (ESG) factors into financial activities and decisions, including:
 - developing a specific framework for disclosure of climate-related matters for reporting issuers and financial institutions;
 - using scenario analysis and stress testing within financial institutions for physical risks and transition risks related to climate change;
 - initiating dialogue, in concert with the CSA, with representatives of Indigenous communities to assess whether the needs and concerns of their communities are adequately reflected in the current framework;
 - reflecting, in concert with the CSA, on changes needed to the current disclosure framework with regard to diversity on boards and in executive officer positions of reporting issuers;
 - reflecting on issues of diversity, equity and inclusion within financial institutions.

Orientation 03

A HIGH-PERFORMING REGULATOR IN THE PURSUIT OF ITS MISSION

Data strategy

- The AMF will continue to work on maximizing use of its data to enhance its operational performance. This year, efforts will be focused on developing or updating its data governance policies, implementing the end-user development framework, developing and operationalizing policies and procedures for end-user data value creation and deploying training plans for the organization's staff.
- The AMF will complete its target business intelligence architecture and implement its centralized analytics platform. This project will enable the AMF to enhance its ability to collect and analyze data, ensure data security and improve the dissemination and presentation of data.

Risk and organizational capacity management

- The AMF will continue the work begun in 2021-2022 to develop its integrated risk management program so that it can evolve in accordance with best practices.
- To ensure that projects are aligned with its organizational priorities, the AMF will update its project prioritization criteria and mechanisms. In addition, it will continue to roll out its capacity management tool across the organization's various business sectors.

Modernization of information systems

- The AMF will launch a project to implement a new complaint processing solution. In addition to modernizing how complaints are received, this information system will improve the tools used by AMF teams for detecting potentially systemic issues, better assess risk and be more targeted in their interventions.
- The AMF will continue to incorporate the operational processes of the Surintendance des marchés de valeurs (AMF Securities Markets) into its integrated management software package and the SEDAR+ platform. Once completed, this integration will improve the processing of filings, reports and payments made by reporting entities under the applicable regulations.
- The AMF will continue its efforts to acquire an integrated enterprise information management (EIM) solution to ensure compliance with its obligations as a public body, support collaborative work between teams and build a high-quality information environment. In 2022-2023, the AMF will commence implementation of an EIM solution and deploy a new information management governance framework to enhance users' knowledge of information management best practices.

Orientation 04

A REGULATOR COMMITTED TO ITS HUMAN CAPITAL

Future organization of work

- The AMF will implement a new hybrid work arrangement. The objective is to perpetuate the benefits of remote work while rediscovering and cultivating the advantages of working in person. The hybrid work arrangement will allow the AMF to provide an overall experience built on flexibility and independence while remaining aligned with business needs that may require staff to be physically present on site.

Employer brand

- The AMF will continue its work to establish and assert its employer brand. Specifically, it will develop its “employee value proposition” (EVP) and establish and work to implement an EVP promotion strategy. Once established, the AMF’s employer brand will further raise its profile among both its employees and future applicants.

Training and development

- The AMF will encourage its employees to develop their skills in order to achieve their professional goals and realize their full potential. It will do this by leveraging continuous learning approaches. In this context, the AMF will add to its training catalogue and design training plans focused on certain types of expertise, including data value creation, cybersecurity and cybercrime investigations.

Management approaches and methods

- The AMF will continue to pay special attention to developing the management skills of its managers through customized development pathways in order to promote a common understanding of leadership, support them in developing their own leadership style and create a sense of community, sharing and connection.

Diversity, equity and inclusion

- The AMF will pursue its commitment to provide its employees with an environment that fosters diversity and inclusion. In order to derive maximum benefit from the range of abilities and experiences that are available, the AMF will implement its diversity and inclusion program so that it can better identify and analyze cultural interactions, develop the ability to act in a context of diversity and promote awareness of each person’s role and responsibilities. A priority for the AMF is to enhance diversity in some of its key processes (staffing, employment integration, etc.).



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